

**State of Illinois**  
**HANCOCK/MCDONOUGH COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #26**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2015**

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

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
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HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

OFFICIALS

Regional Superintendent  
(Current and During the Audit Period)

Mr. John Meixner

Assistant Regional Superintendent  
(Current and During the Audit Period,  
Part-Time Effective February 1, 2015)

Mr. Jim McCain

Assistant Regional Superintendent  
(Part-Time February 1, 2014, through November 15, 2014)

Mr. Gary Eddington

Assistant Regional Superintendent  
(Part-Time November 16, 2014, through January 31, 2015)

Ms. Joanne Curtis

Office is located at:

130 South LaFayette Street, Suite 200  
Macomb, Illinois 61455

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

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 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	6	4
Repeated audit findings	4	3
Prior recommendations implemented or not repeated	0	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>
<b>FINDINGS (GOVERNMENT AUDITING STANDARDS)</b>			
2015-001	12a	Controls over Financial Statement Preparation	Material Weakness
2015-002	12d	Inadequate Internal Control Procedures	Material Weakness
2015-003	12g	Inadequate Internal Controls over Expenditures	Material Weakness
2015-004	12h	Noncompliance with Grant Requirements	Noncompliance
2015-005	12l	Inadequate Internal Controls over Inventory	Material Weakness
2015-006	12m	Payroll Reporting	Noncompliance

**PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)**

None

**PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)**

None

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

An informal exit conference was held on October 8, 2015, with Dave Demler, Regional Superintendent; Allyson Curry, bookkeeper; Deb Wright, Controller; Tami Knight, CPA, Partner, Kemper CPA Group; Matt Price, CPA, Kemper CPA Group; and Karen Bojda, CPA, Kemper CPA Group. Potential findings were discussed and recommendations for change or improvement in current procedures were presented. Responses to the recommendations were provided by John Meixner, Regional Superintendent.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of Hancock/McDonough Counties Regional Office of Education #26 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed qualified opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund.



INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hancock/McDonough Counties Regional Office of Education #26, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Hancock/McDonough Counties Regional Office of Education #26'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.

**Basis for Qualified Opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund**

We did not observe the taking of the physical inventories in the Western Area Purchasing Co-op enterprise fund, since the Regional Office does not perform a physical inventory count at year end. Because of the inadequacy of accounting records related to inventory, we were unable to obtain sufficient appropriate audit evidence about inventory quantities using other auditing procedures. The inventory quantities affect the amounts due from and due to other governments, the revenues, and the fund balance in the Western Area Purchasing Co-op enterprise fund. The amounts by which due from other governments, due to other governments, revenues, and fund balance would be affected have not been determined.

**Qualified Opinions**

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the Western Area Purchasing Co-op enterprise fund of the Hancock/McDonough Counties Regional Office of Education #26, 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.

**Unmodified 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 governmental fund, and the aggregate remaining fund information of the Hancock/McDonough Counties Regional Office of Education #26, 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 16 to the financial statements, the Hancock/McDonough Counties Regional Office of Education #26 implemented Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, in the current year and has recognized a net pension liability and deferred inflows and outflows of resources related to pensions.

As disclosed in Note 15, the Hancock/McDonough Counties Regional Office of Education #26 will consolidate Fulton and Schuyler Counties into its Educational Service Region effective July 1, 2015.

Our opinions are not modified with respect to these matters.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, and Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions on pages 15a through 15g and 63 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hancock/McDonough Counties Regional Office of Education #26's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to Other Entities – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to 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, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to 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 June 20, 2016 on our consideration of the Hancock/McDonough Counties Regional Office of Education #26'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 Hancock/McDonough Counties Regional Office of Education #26's internal control over financial reporting and compliance.

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
June 20, 2016

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hancock/McDonough Counties Regional Office of Education #26, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Hancock/McDonough Counties Regional Office of Education #26's basic financial statements and have issued our report thereon dated June 20, 2016. We expressed qualified opinions on the financial statements of the Western Area Purchasing Co-op enterprise fund and the business-type activities because we were unable to obtain sufficient appropriate audit evidence about inventory quantities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hancock/McDonough Counties Regional Office of Education #26'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 Hancock/McDonough Counties Regional Office of Education #26's internal control. Accordingly, we do not express an opinion on the effectiveness of Hancock/McDonough Counties Regional Office of Education #26'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 findings 2015-001, 2015-002, 2015-003, and 2015-005 to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hancock/McDonough Counties Regional Office of Education #26'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as findings 2015-004 and 2015-006.

### Regional Office of Education #26's Responses to Findings

Hancock/McDonough Counties Regional Office of Education #26's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Hancock/McDonough Counties Regional Office of Education #26'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 Hancock/McDonough Counties Regional Office of Education #26's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hancock/McDonough Counties Regional Office of Education #26'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  
June 20, 2016

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2015

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued: Qualified opinions on the Business-Type Activities and the Western Area Purchasing Co-Op Enterprise Fund

Internal control over financial reporting:

- Material weaknesses identified? Yes
- Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? Yes

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 (Repeated from Finding No. 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01)**

**Criteria/Specific Requirement:**

The Regional Office of Education #26 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 #26 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #26 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #26 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 (Repeated from Finding No. 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01) (Continued)**

**Condition (Concluded):**

During review of the financial information prepared by the Regional Office of Education #26, auditors noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, no entries were provided to reconcile the Regional Office's grant activity, such as posting grant receivables and unearned revenue.
- Disbursements were miscoded by the Regional Office to the wrong grants in the Distributive Fund, and the Regional Office's own grant activity was not recorded in the Distributive Fund.
- Numerous material adjustments were needed to make the financial statements comply with generally accepted accounting principles.
- 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 by auditors were approved and accepted by the Regional Office's management.

**Effect:**

The Regional Office of Education #26's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

According to the Regional Office of Education #26's management, current funding levels are not adequate to hire and/or train accounting personnel in order to comply with these requirements. In addition, 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.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 (Repeated from Finding No. 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01) (Concluded)**

**Auditor’s Recommendation:**

As part of internal control over the preparation of financial statements, the Regional Office of Education #26 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #26’s activities and operations.

**Management’s Response:**

The Regional Office of Education #26 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

The Regional Office of Education #26 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that its employees possess the knowledge required to compile the necessary GAAP-based financial statements. The organization will also research the possibility of having another accounting company prepare our financial statements independent of the auditors.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 from Finding No. 14-002, 13-002, and 12-02)**

**Criteria/Specific Requirement:**

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

**Condition:**

Auditors noted the following weaknesses in the Regional Office's internal control system for which there were no mitigating controls:

- A. There is inadequate segregation of duties over cash receipts. Payments received by check are given to the individual who records them in the accounting system. The individual who records receipts should not have physical custody of the receipts.
- B. Two of 20 (10%) journal entries examined were not supported by adequate documentation and auditors could not assess their validity. Three of 20 (15%) journal entries examined had no evidence of review by someone independent of the general ledger process.
- C. Revenue of \$4,936 properly recorded in the Western Area Purchasing Coop fund was originally recorded in the Fingerprinting fund and was then recorded as an expense rather than an offset to revenue in the Fingerprinting fund when it was moved to the correct fund, causing revenues and expenditures to be overstated by this amount.
- D. Supplies and materials below the Regional Office's capitalization threshold totaling \$1,436 were miscoded as capital outlay. Capital asset additions of \$3,703 were miscoded as purchased services. Capital asset additions totaling \$15,960 were appropriately coded as capital outlay but were not included on the Regional Office's capital asset schedule. Three items totaling \$1,566 were appropriately expensed and excluded from the capital asset schedule in the prior year but were incorrectly added to the capital asset schedule in the current year. Three items totaling \$1,397 from prior year's capital asset schedule were missing from the current-year schedule.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 from Finding No. 14-002, 13-002, and 12-02) (Continued)**

**Condition (Concluded):**

- E. Nine months of bank reconciliations were not performed and reviewed in a timely manner. Because the June 2015 bank reconciliation was not performed until October 2, 2015, a reconciling item of \$245,910 was omitted from the cash balances reported to the auditors. In addition, receipts and disbursements relating to FY2015 activity that occurred after year end were recorded in cash in FY2015 rather than accounts receivable and payable, causing a cash overstatement of \$204,232. Four FY2016 General State Aid payments totaling \$29,806 were incorrectly recorded in FY2015, causing cash and revenue to be overstated by this amount.
- F. Education for Homeless Children and Youth grant funding of \$6,145 that remained unspent in the Adult Learning Resource Center Fund and was due back to the grantor at the end of FY2013 had not been returned to the grantor at the end of FY2015.
- G. There was no documented approval of the pay increase for an employee who changed from part-time to full-time status during the year.

**Effect:**

Lack of sufficient internal controls over the financial process of the Regional Office could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

**Cause:**

The Regional Office of Education #26 has not established or documented sufficient internal control procedures.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 from Finding No. 14-002, 13-002, and 12-02) (Concluded)**

**Auditor’s Recommendation:**

- A. The individual responsible for the cash recording process should not be given physical access to cash receipts. An individual independent of the recording process should make cash deposits and verify that the amounts recorded agree to deposit records.
- B. All journal entries should be accompanied by supporting documentation and have documented review and approval by someone independent of the general ledger processes.
- C. Revenues should be recorded in the fund that earned the revenue. Otherwise, if revenue is initially recorded in another fund, the associated transfer of cash to the fund that earned the revenue should be recorded as an offset to the associated revenue in the reimbursing fund.
- D. The Regional Office should establish procedures to ensure their capital asset schedule is maintained in accordance with the Regional Office’s capital asset policy. The capital asset schedule should be reconciled to the general ledger capital asset and capital outlay accounts.
- E. Bank balances should be timely reconciled to the general ledger, and if any discrepancies are identified, they should be corrected.
- F. Absent an extension or permission from the grantor to carry unspent funding forward to the next grant period, any unspent grant funds at the end of the grant period should be returned to the grantor in a timely manner.
- G. Approval by a member of management should be documented for any changes in an employee’s employment status or pay rate.

**Management’s Response:**

The ROE will review the current auditors’ recommendations and has revised the new Fulton/Hancock/McDonough/Schuyler Regional Office of Education policies, procedures and/or practices to address the findings noted as needed.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**SECTION II – FINANCIAL STATEMENT FINDINGS** (Continued)

**Finding No. 2015-003 – Inadequate Internal Controls over Expenditures (Partial repeat from Finding No. 14-003 and 13-003)**

**Criteria/Specific Requirement:**

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

**Condition:**

- A. A duplicate payment of \$1,126 was made in the Bus Driver Training fund as the result of a vendor submitting a duplicate invoice.
  
- B. Fiscal year 2016 software licenses totaling \$86,800 and a FY16 workshop registration of \$1,200 were expensed in the current year rather than recorded as prepaid expenses in the Education Fund Apex and Truants Alternative Optional Education Program Training accounts.

**Effect:**

Lack of sufficient internal controls over expenditures could result in unintentional or intentional errors or misappropriation of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

**Cause:**

The Regional Office of Education #26 has not established or documented sufficient internal control procedures over expenditures.

**Auditor's Recommendation:**

- A. Vendor invoices should be reconciled to purchase orders to ensure that duplicate invoices are not paid.
  
- B. The Regional Office should observe proper cutoff and record expenses in the fiscal year in which they were or will be incurred.

**Management's Response:**

The ROE will review the current auditors' recommendations and has revised the new Fulton/Hancock/McDonough/Schuyler Regional Office of Education policies, procedures and/or practices to address the findings noted as needed.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2015-004 – Noncompliance with Grant Requirements (Partial Repeat of Finding 14-004)**

**Criteria/Specific Requirement:**

The Regional Office must comply with grant accounting and reporting requirements established by grant agreements with the Illinois State Board of Education (ISBE) and other grantors, in addition to the requirements established by ISBE's fiscal policies and procedures for grantees. Among these requirements are accurate, current, and complete disclosure of grant financial activity, an amended program budget if an expenditure line item exceeds the budgeted amount by the greater of \$1,000 or 20%, and reporting actual rather than estimated or budgeted costs.

**Condition:**

- A. Expenditure reports submitted for the McKinney Education for Homeless Children 14-4920-00, ROE/ISC Operations, Truants Alternative Optional Education Program (TAOEP) 15-3695-PD, and Early Childhood 3705-01 and 3705-00 grant programs did not agree to the expenditures recorded in the Regional Office's accounting records. A total of \$1,981 (ROE/ISC Operations) and \$7,847 (Early Childhood 3705-00) of unexpended grant funding is due back to ISBE from these programs.
- B. Expenditures for purchased services in the McKinney Education for Homeless Children 14-4920-00 grant program exceeded the budgeted amounts by more than ISBE's permitted threshold; however, an amended budget was not submitted to ISBE. In addition, a \$2,000 stipend payment was miscoded as supplies rather than purchased services in the Title I – Foundational Services grant program; had it been correctly coded, an amended budget would have been required.
- C. Activity for the Title II – Teacher Quality – Leadership program was recorded in the General Fund rather than tracked separately in a restricted fund.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2015-004 – Noncompliance with Grant Requirements (Partial Repeat of Finding 14-004) (Continued)**

**Condition (Concluded):**

- D. At October 5, 2015, the Early Childhood 3705-00 and 3705-01, McKinney Education for Homeless Children, and Title II – Teacher Quality grant programs were frozen because the fourth quarter and the final grant expenditure reports had not been filed with ISBE by the deadline. In addition, the Family Violence Coordinating Council grant's fourth quarter and final expenditure reports had not been filed with the grantor by their deadlines of July 15 and July 30, 2015, respectively. FY2016 payments of \$78,000 in the Early Childhood 3705-00 program and \$80,130 in the Early Childhood 3705-01 program had been frozen and not paid to the Regional Office as of October 5, 2015. At that time, the Regional Office had reported the Early Childhood 3705-00 and 3705-01 grants as underexpended and a total of \$15,590 due back to ISBE, but that amount had not yet been returned to ISBE. This amount includes the \$7,847 noted in point A above.
- E. Support for two reimbursement requests totaling \$1,620 could not be located for the Title I – Foundational Services grant program.
- F. Mileage reimbursements in the Child and Family Connections grant program were paid as a flat-rate monthly stipend rather than per-mile actual costs. The Regional Office did not verify whether the monthly stipend exceeded the maximum rate permitted by the State. A total of \$30,351 was expended for mileage reimbursements in this program.

**Effect:**

- A. Expenditure reports submitted to grantors did not accurately reflect actual expenditures, resulting in a failure to comply with the grant requirement for accurate, current, and complete disclosure of financial results.
- B. Failure to amend the grant budgets resulted in noncompliance with ISBE's grant requirements.
- C. Failure to account for restricted funding in a way that allows management to track its use separately from activity that is not similarly restricted does not allow the Regional Office to monitor whether restricted funding is used for the specific purposes permitted and may cause noncompliance with grant restrictions to go undetected.



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2015-004 – Noncompliance with Grant Requirements (Partial Repeat of Finding 14-004) (Continued)**

**Effect (Concluded):**

- D. Failure to timely file required grant expenditure reports resulted in \$158,130 of grant funding being withheld from the Regional Office due to noncompliance with ISBE's grant requirements.
- E. Lack of adequate support for grant reimbursements can result in inaccurate or incomplete disclosure of grant financial activity or inaccurate requests for reimbursement of program expenditures.
- F. Failure to verify that the employee monthly mileage stipend did not exceed the maximum rate permitted by the State may result in noncompliance with grant agreements.

**Cause:**

Grant expenditure reports and budgetary comparisons were not prepared using information obtained from the Regional Office's accounting system. The Education Fund accounts established for the Title II grant were not used for tracking this grant's activity. Regional Office personnel were unaware of or were unable to timely perform all activities necessary to comply with grant requirements.

**Auditor's Recommendation:**

- A. Grant reports that disclose financial information should be prepared using current and accurate financial data based on reports obtained from the Regional Office's accounting system. The Regional Office should establish policies and procedures to ensure expenditures of grants that span the Regional Office's fiscal year end are reported in the proper period.
- B. Budgets should be amended and resubmitted to the granting agency whenever expenditures by line item exceed thresholds established by the grantor.
- C. All grant activity should be recorded using a separate set of accounts that allows management and program directors to monitor compliance with grant restrictions that require funding to be used only for specific purposes.
- D. The Regional Office should establish policies and procedures to ensure that all reports required by grantors are timely filed.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2015-004 – Noncompliance with Grant Requirements (Partial Repeat of Finding 14-004) (Concluded)**

**Auditor’s Recommendation (Concluded):**

- E. Records supporting all grant activity, including requests for reimbursement, should be retained and maintained in such a way that they can be located when needed to substantiate grant receipts and expenditures.
  
- F. If employees are reimbursed for mileage at a flat monthly rate rather than the State-approved per-mile rates [the rate promulgated pursuant to 5 USC 5707(b)(2)], the mileage reimbursements paid should be compared to the State-approved per-mile rates and any excess reimbursement should be reclassified as wages.

**Management’s Response:**

The ROE will review the current auditors’ recommendations and has revised the new Fulton/Hancock/McDonough/Schuyler Regional Office of Education policies, procedures and/or practices to address the findings noted as needed.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2015-005 – Inadequate Internal Controls over Inventory**

**Criteria/Specific Requirement:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions, including inventory, to prevent errors and fraud.

**Condition:**

The Regional Office was not able to provide auditors with documentation to support the provided inventory value. In addition, the inventory value recorded in the Regional Office's general ledger was not adjusted to the year-end value.

**Effect:**

The value of inventory at June 30 could not be determined. Auditors qualified their opinion on inventory in the FY15 financial statements.

**Cause:**

The Western Area Purchasing Co-op does not perform a physical inventory count at year end; rather, they perform a physical count after most inventory has been delivered to Co-op members and calculate the year-end inventory value from supporting documents, such as vendor invoices, shipping manifests, and receipts of delivery to Co-op members. These documents did not support the inventory value reported by the Co-op.

**Auditor's Recommendation:**

The Western Area Purchasing Co-op staff should perform a physical inventory count on or near the fiscal year end or should maintain adequate documentation to support the calculated year-end value. The accurate inventory value should be recorded in the Regional Office's general ledger.

**Management's Response:**

The ROE will review the current auditors' recommendations and has revised the new Fulton/Hancock/McDonough/Schuyler Regional Office of Education policies, procedures and/or practices to address the findings noted as needed.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2015-006 – Payroll Reporting**

**Criteria/Specific Requirement:**

Internal Revenue Code Reg. § 31.3121(d)-1 establishes that an individual is an employee if the person for whom the services are performed has the right to control and direct the individual who performs the services. Revenue Ruling 87-41 further establishes a 20-factor common-law test for employment status. The Internal Revenue Service (IRS) recently revised this 20-factor common-law test for determining the proper classification of workers between independent contractors and employees by condensing the prior 20 factors and organizing those tests into three main groups: (1) behavioral control, (2) financial control, and (3) the type of relationship of the parties.

**Condition:**

During testing, auditors noted that three individuals were paid as independent contractors in the Title I – Foundational Services program. Their stipends, totaling \$11,700, were coded as purchased services, on which payroll taxes were not withheld or paid. These same three individuals were also paid as employees of the Regional Office for providing similar services in other programs. The Regional Office should not treat individuals as both employees and as independent contractors for providing similar services.

**Effect:**

The Regional Office was not in compliance with IRS rules and regulations regarding the classification of employees, which resulted in the Regional Office not withholding or remitting the employer and employee portion of payroll taxes.

**Cause:**

The Regional Office was not aware of the applicability of the IRS employment rules and regulations to stipends paid from grant awards.

**Auditor's Recommendation:**

The Regional Office of Education #26 should develop policies and procedures to ensure that all IRS rules and regulations are followed with regard to employee classification and compensation and that the appropriate payroll taxes are withheld and remitted to the proper federal and State authorities.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**SECTION II – FINANCIAL STATEMENT FINDINGS** (Concluded)

**Finding No. 2015-006 – Payroll Reporting (Concluded)**

**Management's Response:**

The ROE will review the current auditors' recommendations and has revised the new Fulton/Hancock/McDonough/Schuyler Regional Office of Education policies, procedures and/or practices to address the findings noted as needed.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 (Repeated from Finding No. 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01)**

**Condition:**

The Regional Office of Education #26 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #26 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #26 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the financial information prepared by the Regional Office of Education #26, auditors noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, no entries were provided to reconcile the Regional Office's grant activity, such as posting grant receivables and unearned revenue.
- Disbursements were miscoded by the Regional Office to the wrong grants in the Distributive Fund, and the Regional Office's own grant activity was not recorded in the Distributive Fund.
- Numerous material adjustments were needed to make the financial statements comply with generally accepted accounting principles.
- 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 by auditors were approved and accepted by the Regional Office's management.

**Plan:**

The new Regional Office of Education #26 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Finding No. 2015-001 – Controls over Financial Statement Preparation (Repeated from Finding No. 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01) (Concluded)**

The new Regional Office of Education #26 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that its employees possess the knowledge required to compile the necessary GAAP-based financial statements. The organization will also research the possibility of having another accounting company prepare our financial statements independent of the auditors.

**Anticipated Date of Completion:**

Undetermined

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Finding No. 2015-002 – Inadequate Internal Control Procedures (Partial repeat from Finding No. 14-002, 13-002, and 12-02)**

**Condition:**

Auditors noted the following weaknesses in the Regional Office’s internal control system for which there were no mitigating controls:

- A. There is inadequate segregation of duties over cash receipts. Payments received by check are given to the individual who records them in the accounting system. The individual who records receipts should not have physical custody of the receipts.
- B. Two of 20 (10%) journal entries examined were not supported by adequate documentation and auditors could not assess their validity. Three of 20 (15%) journal entries examined had no evidence of review by someone independent of the general ledger process.
- C. Revenue of \$4,936 properly recorded in the Western Area Purchasing Coop fund was originally recorded in the Fingerprinting fund and was then recorded as an expense rather than an offset to revenue in the Fingerprinting fund when it was moved to the correct fund, causing revenues and expenditures to be overstated by this amount.
- D. Supplies and materials below the Regional Office’s capitalization threshold totaling \$1,436 were miscoded as capital outlay. Capital asset additions of \$3,703 were miscoded as purchased services. Capital asset additions totaling \$15,960 were appropriately coded as capital outlay but were not included on the Regional Office’s capital asset schedule. Three items totaling \$1,566 were appropriately expensed and excluded from the capital asset schedule in the prior year but were incorrectly added to the capital asset schedule in the current year. Three items totaling \$1,397 from prior year’s capital asset schedule were missing from the current-year schedule.
- E. Nine months of bank reconciliations were not performed and reviewed in a timely manner. Because the June 2015 bank reconciliation was not performed until October 2, 2015, a reconciling item of \$245,910 was omitted from the cash balances reported to the auditors. In addition, receipts and disbursements relating to FY2015 activity that occurred after year end were recorded in cash in FY2015 rather than accounts receivable and payable, causing a cash overstatement of \$204,232. Four FY2016 General State Aid payments totaling \$29,806 were incorrectly recorded in FY2015, causing cash and revenue to be overstated by this amount.



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Finding No. 2015-002 – Inadequate Internal Control Procedures (Partial repeat from Finding No. 14-002, 13-002, and 12-02) (Concluded)**

- F. Education for Homeless Children and Youth grant funding of \$6,145 that remained unspent in the Adult Learning Resource Center Fund and was due back to the grantor at the end of FY2013 had not been returned to the grantor at the end of FY2015.
- G. There was no documented approval of the pay increase for an employee who changed from part-time to full-time status during the year.

**Plan:**

- A. The new Regional Office of Education #26 will adequately segregate duties over cash receipts.
- B. The new Regional Office of Education #26 will now require documentation and proper review for journal entries.
- C. The new Regional Office of Education #26 has changed the process on how to handle cash balance transfers.
- D. The new Regional Office of Education #26 will establish procedures to ensure the capital asset schedule is maintained in accordance with the Regional Office's capital asset policy. The capital asset schedule will be reconciled to the general ledger capital asset and capital outlay accounts.
- E. The new Regional Office of Education #26 will establish procedures to ensure that bank reconciliations are performed and any discrepancies are identified and corrected in a timely manner.
- F. The new Regional Office of Education #26 acknowledges this finding, however, ROE #26 is continuing to research prior financial records to determine possible return of funds, and will establish procedures to ensure that future unspent grant funding is promptly returned.
- G. The new Regional Office of Education #26 will establish procedures to ensure that approval of changes in an employee's employment status or pay rate are documented.

**Anticipated Date of Completion:**

June 30, 2016

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Finding No. 2015-003 – Inadequate Internal Controls over Expenditures (Partial repeat from Finding No. 14-003 and 13-003)**

**Condition:**

- A. A duplicate payment of \$1,126 was made in the Bus Driver Training fund as the result of a vendor submitting a duplicate invoice.
  
- B. FY16 software licenses totaling \$86,800 and an FY16 workshop registration of \$1,200 were expensed in the current year rather than recorded as prepaid expenses in the Education Fund Apex and Truants Alternative Optional Education Program Training accounts.

**Plan:**

- A. The new Regional Office of Education #26 will establish policies and procedures to ensure that vendor invoices are reconciled to purchase orders prior to payment to avoid payment of duplicate invoices.
  
- B. The new Regional Office of Education #26 will establish policies and procedures to ensure that expenses are recorded in the correct fiscal year.

**Anticipated Date of Completion:**

June 30, 2016

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Finding No. 2015-004 – Noncompliance with Grant Requirements (Partial Repeat of Finding 14-004)**

**Condition:**

- A. Expenditure reports submitted for the McKinney Education for Homeless Children 14-4920-00, ROE/ISC Operations, Truants Alternative Optional Education Program (TAOEP) 15-3695-PD, and Early Childhood 3705-01 and 3705-00 grant programs did not agree to the expenditures recorded in the Regional Office's accounting records. A total of \$1,981 (ROE/ISC Operations) and \$7,847 (Early Childhood 3705-00) of unexpended grant funding is due back to ISBE from these programs.
- B. Expenditures for purchased services in the McKinney Education for Homeless Children 14-4920-00 grant program exceeded the budgeted amounts by more than ISBE's permitted threshold; however, an amended budget was not submitted to ISBE. In addition, a \$2,000 stipend payment was miscoded as supplies rather than purchased services in the Title I – Foundational Services grant program; had it been correctly coded, an amended budget would have been required.
- C. Activity for the Title II – Teacher Quality – Leadership program was recorded in the General Fund rather than tracked separately in a restricted fund.
- D. At October 5, 2015, the Early Childhood 3705-00 and 3705-01, McKinney Education for Homeless Children, and Title II – Teacher Quality grant programs were frozen because the fourth quarter and the final grant expenditure reports had not been filed with ISBE by the deadline. In addition, the Family Violence Coordinating Council grant's fourth quarter and final expenditure reports had not been filed with the grantor by their deadlines of July 15 and July 30, 2015, respectively. FY2016 payments of \$78,000 in the Early Childhood 3705-00 program and \$80,130 in the Early Childhood 3705-01 program had been frozen and not paid to Regional Office as of October 5, 2015. At that time, the Regional Office had reported the Early Childhood 3705-00 and 3705-01 grants as underexpended and a total of \$15,590 due back to ISBE, but that amount had not yet been returned to ISBE. This amount includes the \$7,847 noted in point A above.
- E. Support for two reimbursement requests totaling \$1,620 could not be located for the Title I – Foundational Services grant program.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Finding No. 2015-004 – Noncompliance with Grant Requirements (Partial Repeat of Finding 14-004) (Concluded)**

**Condition (Concluded):**

- F. Mileage reimbursements in the Child and Family Connections grant program were paid as a flat-rate monthly stipend rather than per-mile actual costs. The Regional Office did not verify whether the monthly stipend exceeded the maximum rate permitted by the State. A total of \$30,351 was expended for mileage reimbursements in this program.

**Plan:**

- A. The new Regional Office of Education #26 along with the staff of the programs listed in this condition will review and update procedures to ensure that grant reports are prepared using current and accurate financial data based on reports from the Regional Office's accounting system and that expenditures of grants that span the Regional Office's fiscal year are reported in the proper period.
- B. The new Regional Office of Education #26 will review and update procedures to ensure that budgets are amended as required by the grantor.
- C. The new Regional Office of Education #26 will establish procedures to ensure that each restricted grant activity is recorded in a separate set of accounts to allow management and program directors to monitor grant compliance.
- D. The new Regional Office of Education #26 will establish policies and procedures to ensure that all reports required by grantors are timely filed.
- E. The new Regional Office of Education #26 will establish policies and procedures to ensure that records supporting all grant activity, including requests for reimbursement, are retained and maintained in such a way that they can be located when needed to substantiate grant receipts and expenditures.
- F. The new Regional Office of Education #26 will establish policies and procedures to ensure that the State-approved rate is not exceeded when mileage is reimbursed by stipends. In addition to this, the Regional Office will report any additional reimbursement above the State rate as income.

**Anticipated Date of Completion:**

June 30, 2016

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Finding No. 2015-005 – Inadequate Internal Controls over Inventory**

**Condition:**

The Regional Office was not able to provide auditors with documentation to support the provided inventory value. In addition, the inventory value recorded in the Regional Office's general ledger was not adjusted to the year-end value.

**Plan:**

The new Regional Office of Education #26 will establish policies and procedures to ensure that Western Area Purchasing Co-op staff maintain adequate documentation to support the calculated year-end inventory value and that the accurate inventory value is recorded in ROE #26's general ledger.

**Anticipated Date of Completion:**

June 30, 2016

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Finding No. 2015-006 – Payroll Reporting**

**Condition:**

During testing, auditors noted that three individuals were paid as independent contractors in the Title I – Foundational Services program. Their stipends, totaling \$11,700, were coded as purchased services, on which payroll taxes were not withheld or paid. These same three individuals were also paid as employees of the Regional Office for providing similar services in other programs. The Regional Office should not treat individuals as both employees and as independent contractors for providing similar services.

**Plan:**

The new Regional Office of Education #26 will develop policies and procedures to ensure that all IRS rules and regulations are followed with regard to employee classification and compensation and that the appropriate payroll taxes are withheld and remitted to the proper federal and State authorities.

**Anticipated Date of Completion:**

June 30, 2016

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2015

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
2014-001	Controls over Financial Statement Preparation	Repeated as Finding 2015-001
2014-002	Inadequate Internal Control Procedures	Partially repeated as Finding 2015-002
2014-003	Inadequate Internal Control over Expenditures	Partially repeated as Finding 2015-003
2014-004	Noncompliance with Grant Requirements	Partially repeated as Finding 2015-004

## MANAGEMENT'S DISCUSSION AND ANALYSIS



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

The Hancock/McDonough Regional Office of Education #26 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information with the Regional Office of Education #26's financial statements, which follow.

**2015 Financial Highlights**

General Fund revenues decreased by \$172,828, from \$807,380 in fiscal year 2014 (FY14) to \$634,552 in fiscal year 2015 (FY15). The General Fund expenditures decreased by \$120,270, from \$940,874 in FY14 to \$820,604 in FY15. The Regional Office experienced a decrease in the General Fund balance of \$215,610, from \$639,022 at the end of FY14 to \$423,412 at the end of FY15.

The Special Revenue Funds revenue increased by \$195,128, from \$1,748,290 in FY14 to \$1,943,418 in FY15. Their expenditures increased by \$137,914 from \$1,771,310 in FY14 to \$1,909,224 in FY15. Due to additional grant funding, revenues and expenses increased respectively.

**Using This Annual Report**

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office of Education #26 as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary information further explains and supports the financial statements with a comparison of the Office's detailed information for each category of funds and also provides detailed information about the nonmajor funds.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**Reporting the Regional Office of Education #26 as a Whole**

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

The government-wide statements report information about the Regional Office of Education #26 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Regional Office of Education #26's assets, liabilities, and deferred inflow and outflows of resources. All of the current-year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

**Fund Financial Statements**

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which 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 #26 established other funds to control and manage money for particular purposes.

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**Fund Financial Statements (Concluded)**

- 2) Proprietary funds account for services for which the Regional Office of Education #26 charges fees under a cost-reimbursement method. These fees cover the costs of certain services and workshops it provides.

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

- 3) Fiduciary funds account for assets for which the Regional Office of Education #26 acts as fiscal agent for individuals and private or governmental organizations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Position.

A summary reconciliation between the government-wide financial statements and the governmental fund financial statements is included after each governmental fund financial statement.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office of Education #26's net position decreased by \$670,426, from \$730,053 in FY14 to \$59,627 in FY15. Opening net position was restated by \$(454,582) due to the implementation of GASB Statement No. 68, as discussed in Note 16 to the financial statements, which accounts for much of this decrease. The remaining decrease occurred primarily in the governmental activities, as discussed below.

Net position related to the Education Fund and the Nonmajor Special Revenue Funds is considered restricted for educational purposes.

The analysis that follows provides a summary of the Office's net position at June 30, 2015 and 2014.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**Government-Wide Financial Analysis (Continued)**

**CONDENSED STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Current Assets	\$ 737,358	\$ 970,738	\$ 396,607	\$ 445,685	\$ 1,133,965	\$ 1,416,423
Noncurrent Assets						
Capital assets, net of depreciation	65,426	60,270	57,333	62,434	122,759	122,704
<b>TOTAL ASSETS</b>	<b>802,784</b>	<b>1,031,008</b>	<b>453,940</b>	<b>508,119</b>	<b>1,256,724</b>	<b>1,539,127</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	160,061	-	-	-	160,061	-
<b>LIABILITIES</b>						
Current Liabilities	243,153	288,134	535,126	520,940	778,279	809,074
Noncurrent Liabilities						
Net pension liability	401,700	-	-	-	401,700	-
<b>TOTAL LIABILITIES</b>	<b>644,853</b>	<b>288,134</b>	<b>535,126</b>	<b>520,940</b>	<b>1,179,979</b>	<b>809,074</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	177,179	-	-	-	177,179	-
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	65,426	60,270	57,333	62,434	122,759	122,704
Restricted for educational purposes	70,793	43,582	-	-	70,793	43,582
Unrestricted	4,594	639,022	(138,519)	(75,255)	(133,925)	563,767
<b>TOTAL NET POSITION</b>	<b>\$ 140,813</b>	<b>\$ 742,874</b>	<b>\$ (81,186)</b>	<b>\$ (12,821)</b>	<b>\$ 59,627</b>	<b>\$ 730,053</b>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**Government-Wide Financial Analysis (Concluded)**

**CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Operating grants & contributions	\$ 1,818,546	\$ 1,713,485	\$ -	\$ -	\$ 1,818,546	\$ 1,713,485
Charges for services	-	-	705,610	962,494	705,610	962,494
General revenues:						
Local sources	237,268	189,611	-	-	237,268	189,611
State sources	251,806	205,894	-	-	251,806	205,894
On-behalf payments	445,314	431,843	-	-	445,314	431,843
Investment income	5	3	-	242	5	245
Total Revenues	<u>2,752,939</u>	<u>2,540,836</u>	<u>705,610</u>	<u>962,736</u>	<u>3,458,549</u>	<u>3,503,572</u>
Expenses:						
Salaries & benefits	1,513,031	1,611,818	36,944	35,711	1,549,975	1,647,529
Purchased services	536,359	391,861	45,938	46,966	582,297	438,827
Supplies and materials	81,257	54,252	683,874	767,541	765,131	821,793
Depreciation	28,698	26,766	5,101	4,009	33,799	30,775
Other objects	18,008	4,278	-	-	18,008	4,278
Payments to other governments	212,959	207,944	-	-	212,959	207,944
Pension expense	64,792		2,118		66,910	
On-behalf payments	445,314	431,843	-	-	445,314	431,843
Total Expenses	<u>2,900,418</u>	<u>2,728,762</u>	<u>773,975</u>	<u>854,227</u>	<u>3,674,393</u>	<u>3,582,989</u>
Change in net position	(147,479)	(187,926)	(68,365)	108,509	(215,844)	(79,417)
Net position - Beginning (Restated)	<u>288,292</u>	<u>930,800</u>	<u>(12,821)</u>	<u>(121,330)</u>	<u>275,471</u>	<u>809,470</u>
Net position - Ending	<u>\$ 140,813</u>	<u>\$ 742,874</u>	<u>\$ (81,186)</u>	<u>\$ (12,821)</u>	<u>\$ 59,627</u>	<u>\$ 730,053</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**Governmental Activities**

For FY15, revenues for governmental activities were \$2,752,939 and expenses were \$2,900,418. Revenues and expenses both increased from FY14. Net position, as restated (see Note 16 to the financial statements), decreased by \$147,479.

**Business-Type Activities**

Combined revenue and expense for the Regional Office of Education #26's business-type activities decreased net position by \$68,365. This decrease was primarily due to less Western Area Purchasing Co-op revenue.

**Financial Analysis of the Regional Office of Education #26 Funds**

As previously noted, the Regional Office of Education #26 uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The Regional Office's governmental funds report combined fund balances of \$494,205 in FY15 and \$646,058 in FY14, a decrease of \$151,853 (24%). The Regional Office's proprietary funds' net position was \$(81,186) in FY15 and \$(12,821) in FY14, a decrease of \$68,365 (533%).

**Governmental Fund Highlights**

Revenues for governmental funds were \$2,577,970 and expenditures were \$2,729,828 in FY15. Both increased from FY14, primarily due to additional grant funding.

- The number of dollars coming from the State of Illinois to the Regional Office of Education #26 increased due to additional grant funds being awarded to ROEs for a statewide Foundational Services initiative.
- County support for the Regional Office of Education #26 increased from \$102,272 in FY14 to \$106,039 in FY15.

**Proprietary Fund Highlights**

Revenues for proprietary funds were \$705,610 and expenses were \$773,975 in FY15. As discussed above under Business-Type Activities, revenues and expenses both decreased from FY14.

**Budgetary Highlights**

The Office annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles when required by the granting agency. The Illinois State Board of Education reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education for final approval. The budget may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education. Schedules showing the budget amounts compared to the Office's actual financial activity are included in supplementary information of this report.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**Capital Assets**

The value of capital assets increased very slightly during FY15 due to asset additions exceeding depreciation. New asset additions totaled \$33,854 in FY15, and depreciation expense totaled \$33,799.

**Economic Factors and Next Year's Budget**

At the time these financial statements were prepared and audited, the Regional Office of Education #26 was aware of several existing circumstances that could affect its financial condition in the future:

- The State of Illinois passed Public Act 97-0703 to reduce the number of Regional Offices of Education by nine. The Regional Office of Education #26 was on the list of Regional Offices recommended to be realigned. The Regional Offices of Education #26 and #22 merged effective July 1, 2015. The financial effect of these realignments will not take effect until FY16.
- With the State of Illinois in the midst of an unprecedented financial crisis, the status of grant funding for the upcoming fiscal year is bleak at best. We are anticipating drastic cuts for many of our programs.
- The County Boards of Fulton, Hancock, McDonough and Schuyler Counties decreased their overall funding to our office for FY16 due to a four-county financial agreement.
- The Child and Family Connections Grant anticipates a decrease in funding.
- The new, consolidated Regional Office of Education #26 is required to maintain a high level of liability insurance due to a larger operation.
- As costs for consumers rise (energy, maintenance, etc.), there will be increasing demands for employees to have raises that match or exceed past practices. These will be difficult to honor as the four counties encompassed by the new Regional Office of Education #26 are burdened with considerable financial challenges.

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

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #26, 130 South Lafayette Street, Suite 200, Macomb, IL 61455.

## BASIC FINANCIAL STATEMENTS



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 352,254	\$ 106,505	\$ 458,759
Accounts receivable	1,126	180	1,306
Due from other governments:			
Local	119,539	158,152	277,691
State	80,865	-	80,865
Federal	95,574	-	95,574
Inventory	-	131,770	131,770
Prepaid expenses	88,000	-	88,000
Total Current Assets	<u>737,358</u>	<u>396,607</u>	<u>1,133,965</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	65,426	57,333	122,759
<b>TOTAL ASSETS</b>	<u>802,784</u>	<u>453,940</u>	<u>1,256,724</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	160,061	-	160,061
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	56,766	403,356	460,122
Accrued expenses	66,152	-	66,152
Due to other governments:			
Local	406	131,770	132,176
State	9,828	-	9,828
Federal	6,145	-	6,145
Unearned revenue	103,856	-	103,856
Total Current Liabilities	<u>243,153</u>	<u>535,126</u>	<u>778,279</u>
Noncurrent Liabilities:			
Net pension liability	401,700	-	401,700
<b>TOTAL LIABILITIES</b>	<u>644,853</u>	<u>535,126</u>	<u>1,179,979</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	177,179	-	177,179
<b>NET POSITION (DEFICIT)</b>			
Invested in capital assets	65,426	57,333	122,759
Restricted for educational purposes	70,793	-	70,793
Unrestricted	4,594	(138,519)	(133,925)
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ 140,813</u>	<u>\$ (81,186)</u>	<u>\$ 59,627</u>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 1,513,031	\$ -	\$ 1,187,616	\$ (325,415)	\$ -	\$ (325,415)
Purchased services	536,359	-	317,927	(218,432)	-	(218,432)
Supplies and materials	81,257	-	66,190	(15,067)	-	(15,067)
Other objects	18,008	-	-	(18,008)	-	(18,008)
Depreciation expense	28,698	-	-	(28,698)	-	(28,698)
Capital outlay	-	-	33,854	33,854	-	33,854
Payments to other governments	212,959	-	212,959	-	-	-
Pension expense	64,792	-	-	(64,792)	-	(64,792)
Administrative:						
On-behalf payments - State	445,314	-	-	(445,314)	-	(445,314)
Total Governmental Activities	<u>2,900,418</u>	<u>-</u>	<u>1,818,546</u>	<u>(1,081,872)</u>	<u>-</u>	<u>(1,081,872)</u>
Business-Type Activities:						
Fees for services	773,975	705,610	-	-	(68,365)	(68,365)
Total Business-Type Activities	<u>773,975</u>	<u>705,610</u>	<u>-</u>	<u>-</u>	<u>(68,365)</u>	<u>(68,365)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,674,393</u>	<u>\$ 705,610</u>	<u>\$ 1,818,546</u>	<u>(1,081,872)</u>	<u>(68,365)</u>	<u>(1,150,237)</u>
GENERAL REVENUES:						
Local sources				237,268	-	237,268
State sources				251,806	-	251,806
On-behalf payments - State				445,314	-	445,314
Investment income				5	-	5
Total general revenues				<u>934,393</u>	<u>-</u>	<u>934,393</u>
CHANGE IN NET POSITION				(147,479)	(68,365)	(215,844)
NET POSITION (DEFICIT) - BEGINNING (Restated, see Note 16)				<u>288,292</u>	<u>(12,821)</u>	<u>275,471</u>
NET POSITION (DEFICIT) - ENDING				<u>\$ 140,813</u>	<u>\$ (81,186)</u>	<u>\$ 59,627</u>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 189,232	\$ 108,022	\$ 55,000	\$ -	\$ 352,254
Due from other funds	374,933	26,889	-	(401,822)	-
Due from other governments:					
Local	117,046	2,436	57	-	119,539
State	-	80,865	-	-	80,865
Federal	-	95,574	-	-	95,574
Accounts receivable	-	-	1,126	-	1,126
Prepaid expenses	11,649	76,351	-	-	88,000
<b>TOTAL ASSETS</b>	<u>\$ 692,860</u>	<u>\$ 390,137</u>	<u>\$ 56,183</u>	<u>\$ (401,822)</u>	<u>\$ 737,358</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 8,359	\$ 48,407	\$ -	\$ -	\$ 56,766
Accrued expenses	66,152	-	-	-	66,152
Due to other funds	194,531	206,646	645	(401,822)	-
Due to other governments:					
Local	406	-	-	-	406
State	-	9,828	-	-	9,828
Federal	-	6,145	-	-	6,145
Unearned revenue	-	103,856	-	-	103,856
<b>Total Liabilities</b>	<u>269,448</u>	<u>374,882</u>	<u>645</u>	<u>(401,822)</u>	<u>243,153</u>
<b>FUND BALANCE (DEFICIT)</b>					
Nonspendable	11,649	-	-	-	11,649
Restricted	-	15,255	56,174	-	71,429
Unassigned	411,763	-	(636)	-	411,127
<b>Total Fund Balance (Deficit)</b>	<u>423,412</u>	<u>15,255</u>	<u>55,538</u>	<u>-</u>	<u>494,205</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 692,860</u>	<u>\$ 390,137</u>	<u>\$ 56,183</u>	<u>\$ (401,822)</u>	<u>\$ 737,358</u>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS		\$ 494,205
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		65,426
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	\$ 160,061	
Deferred inflows of resources	<u>(177,179)</u>	(17,118)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
IMRF net pension liability	\$ (140,733)	
TRS net pension liability	<u>(260,967)</u>	<u>(401,700)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 140,813</u>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 190,094	\$ 24,064	\$ 23,110	\$ -	\$ 237,268
State sources	173,676	1,584,957	764	-	1,759,397
On-behalf payments - State	233,804	-	-	-	233,804
Federal sources	36,978	310,523	-	-	347,501
<b>Total Revenues</b>	<b>634,552</b>	<b>1,919,544</b>	<b>23,874</b>	<b>-</b>	<b>2,577,970</b>
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries and benefits	319,935	1,187,616	5,480	-	1,513,031
Pension expense	15,936	83,985	635	-	100,556
Purchased services	214,665	316,578	5,116	-	536,359
Supplies and materials	15,061	66,119	77	-	81,257
Other objects	17,508	500	-	-	18,008
Payments to other governments	-	212,959	-	-	212,959
On-behalf payments	233,804	-	-	-	233,804
Capital outlay	3,695	30,159	-	-	33,854
<b>Total Expenditures</b>	<b>820,604</b>	<b>1,897,916</b>	<b>11,308</b>	<b>-</b>	<b>2,729,828</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<b>(186,052)</b>	<b>21,628</b>	<b>12,566</b>	<b>-</b>	<b>(151,858)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	10,135	29,558	-	(39,693)	-
Transfers out	(39,693)	-	-	39,693	-
Interest	-	-	5	-	5
<b>Total Other Financing Sources (Uses)</b>	<b>(29,558)</b>	<b>29,558</b>	<b>5</b>	<b>-</b>	<b>5</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(215,610)</b>	<b>51,186</b>	<b>12,571</b>	<b>-</b>	<b>(151,853)</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<b>639,022</b>	<b>(35,931)</b>	<b>42,967</b>	<b>-</b>	<b>646,058</b>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<b>\$ 423,412</b>	<b>\$ 15,255</b>	<b>\$ 55,538</b>	<b>\$ -</b>	<b>\$ 494,205</b>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 BALANCE — GOVERNMENTAL FUNDS \$ (151,853)

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.

Capital outlay	\$ 33,854	
Depreciation expense	<u>(28,698)</u>	5,156

Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.

Prior year unavailable revenue		(36,546)
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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	\$ 100,556	
Cost of benefits earned, net	<u>(64,792)</u>	<u>35,764</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (147,479)

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF NET POSITION (DEFICIT)  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Western Area Purchasing Co-op	Nonmajor Enterprise Funds	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 61,319	\$ 45,186	\$ 106,505
Accounts receivable	-	180	180
Due from other governments:			
Local	158,152	-	158,152
Inventory	131,770	-	131,770
Total current assets	351,241	45,366	396,607
Noncurrent assets:			
Capital assets, being depreciated, net	56,155	1,178	57,333
<b>TOTAL ASSETS</b>	<b>407,396</b>	<b>46,544</b>	<b>453,940</b>
<b>LIABILITIES</b>			
Due to other governments - Local	131,770	-	131,770
Accounts payable	401,294	2,062	403,356
<b>TOTAL LIABILITIES</b>	<b>533,064</b>	<b>2,062</b>	<b>535,126</b>
<b>NET POSITION (DEFICIT)</b>			
Invested in capital assets	56,155	1,178	57,333
Unrestricted	(181,823)	43,304	(138,519)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (125,668)</b>	<b>\$ 44,482</b>	<b>\$ (81,186)</b>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION (DEFICIT)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		Total
	Western Area Purchasing Co-op	Nonmajor Enterprise Funds	
	<u>                    </u>	<u>                    </u>	
OPERATING REVENUES			
Fees for services	\$ 657,738	\$ 47,872	\$ 705,610
Total Operating Revenues	<u>657,738</u>	<u>47,872</u>	<u>705,610</u>
OPERATING EXPENSES			
Salaries and benefits	36,944	-	36,944
Pension expense	2,118	-	2,118
Purchased services	12,584	33,354	45,938
Supplies and materials	683,874	-	683,874
Depreciation	2,495	2,606	5,101
Total Operating Expenses	<u>738,015</u>	<u>35,960</u>	<u>773,975</u>
OPERATING INCOME (LOSS)	(80,277)	11,912	(68,365)
TOTAL NET POSITION (DEFICIT) - BEGINNING	<u>(45,391)</u>	<u>32,570</u>	<u>(12,821)</u>
TOTAL NET POSITION (DEFICIT) - ENDING	<u>\$ (125,668)</u>	<u>\$ 44,482</u>	<u>\$ (81,186)</u>

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



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		Totals
	Western Area Purchasing Co-op	Nonmajor Enterprise Funds	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 761,088	\$ 53,904	\$ 814,992
Payments to suppliers and providers of goods and services	(674,465)	(33,308)	(707,773)
Payments to employees	(39,062)	-	(39,062)
Net Cash Provided by (Used for) Operating Activities	<u>47,561</u>	<u>20,596</u>	<u>68,157</u>
Net Increase (Decrease) in Cash and Cash Equivalents	47,561	20,596	68,157
Cash and cash equivalents - Beginning	<u>13,758</u>	<u>24,590</u>	<u>38,348</u>
Cash and cash equivalents - Ending	<u>\$ 61,319</u>	<u>\$ 45,186</u>	<u>\$ 106,505</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (80,277)	\$ 11,912	\$ (68,365)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	2,495	2,606	5,101
(Increase)/decrease in assets:			
Decrease in accounts receivable	-	6,032	6,032
Decrease in due from other governments	103,350	-	103,350
Increase/(decrease) in liabilities:			
Increase in accounts payable	21,993	46	22,039
Net Cash Provided by (Used for) Operating Activities	<u>\$ 47,561</u>	<u>\$ 20,596</u>	<u>\$ 68,157</u>

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

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2015

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 24,783
Due from other governments	1,323,310
<b>TOTAL ASSETS</b>	<b>\$ 1,348,093</b>
 <b>LIABILITIES</b>	
Due to other governments	\$ 1,348,093
<b>TOTAL LIABILITIES</b>	<b>\$ 1,348,093</b>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hancock/McDonough Counties Regional Office of Education #26 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2015, the Regional Office of Education #26 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 #26 implemented these standards during the current year. The implementation of GASB Statement No. 68 established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position was expected to include a significant liability for the government's proportionate share of employee pension plan. The implementation of GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB 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**

The Regional Office of Education #26 has evaluated subsequent events through June 20, 2016, the date when 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.

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 #26'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.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 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 his or her 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 #26 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 Hancock/McDonough Counties Regional Office of Education #26. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #26 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #26 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #26, 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 #26 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships. The blended component unit described below is included in the Regional Office of Education #26's reporting entity because of the significance of its operational or financial relationship with the Regional Office of Education #26.

Western Area Purchasing Co-op is a joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the co-op, which accumulates the orders and purchases large quantities for distribution to the districts. The purchasing co-op is a discretionary enterprise fund.

Other districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of manifestation of oversight, scope of public service, and special financing relationships and are therefore excluded from the accompanying financial statements because the Regional Office of Education #26 does not control their assets, operations, or management. In addition, the Regional Office of Education #26 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #26 being considered a component unit of any other entity.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 #26's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Regional Office of Education #26 has three business-type activities that rely on fees and charges for support.

The Regional Office of Education #26's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education #26 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #26'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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, activities between governmental funds have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for long-term obligations, which are recognized when paid.

Revenues received after the Regional Office’s availability period are reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

F. PROPRIETARY FUND FINANCIAL STATEMENTS

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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 (including deferred outflows of resources) and current liabilities (including deferred inflows of resources) are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #26; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Regional Office of Education #26 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 #26's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #26 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 #26 uses governmental, proprietary, and fiduciary funds.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), 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 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 #26 has presented all major funds that met the above qualifications. The Regional Office of Education #26 reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources that benefit all school districts in the Region except for those required to be accounted and reported for in other funds. The General Fund accounts include the following:

County – Used to account for funds provided by the Boards of Hancock and McDonough Counties for general office operation and maintenance.

Regional Programs – Accounts for the cost of operating certain programs not paid for through special revenues or County funds.

Directory – Funded by contributions from local school districts to prepare a regional directory.

Interest – Used to account for interest earned on the Distributive Fund for the mutual benefit of each school district in Hancock and McDonough Counties.

Hancock McDonough Alternative Schools – Used to account for State revenues and expenditures paid to provide an alternative education program in Hancock and McDonough Counties.



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Apex – Used to account for local fees associated with the Regional Office’s Apex project, which provides Hancock McDonough Alternative Schools students with access to online curricula.

Online Clearing – Accounts for revenue from online payments for the Institute, GED, Bus Driver, and other special revenue funds using the new State online payment system.

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

Education Fund – 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:

Adult Learning Resource Center – Used to account for the Regional Office’s subcontract with Schaumburg CUSD #54’s McKinney Education for Homeless Grant.

Child and Family Connections (Special Education—Grants for Infants and Families) – Used to account for a contractual agreement with the Illinois Department of Human Services to provide a caseworker for the purpose of monitoring teen parents receiving Aid to Dependent Children.

Early Childhood and Early Childhood Block Grants – Used to account for State grant proceeds for the Early Childhood Education Block Grants.

Family Literacy – Used to account for assistance provided to reading programs.

Family Violence – Used to account for State and federal grant proceeds to support the activities of the local Family Violence Coordinating Council. The purpose of the Family Violence Coordinating Councils, at both the State and local/circuit level, is to establish a forum to improve the institutional, professional, and community response to family violence including child abuse, domestic abuse, and elder abuse; to engage in education and prevention; the coordination of intervention and services for victims and perpetrators; and to contribute to the improvement of the legal system and the administration of justice.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Continued)

Education Fund (Continued)

Hearing/Vision Screening – Used to account for a hearing screenings program funded through the Illinois Department of Public Aid.

Local Donations – Used to account for donations given to assist the McKinney Education for Homeless Children Grant and the Child and Family Connections Grant.

McKinney Education for Homeless Children – Used to account for the McKinney Education for Homeless Children Grant, a program to facilitate the enrollment, attendance, and success of homeless youths in school.

Pioneer Grant – Used to promote mathematics and science in the Macomb area.

Regional Safe Schools – Used to account for an alternative schools program of centralized instructional programs for students with specialized needs.

Regional System Provider/Federal System – Used to account for federal revenues to support a regionalized system of support to assist schools in academic difficulty.

ROE Technology Maintenance – Used to account for revenues and expenditures of the ISBE Technology Maintenance grant program.

Teen Court Donations – Used to account for donations received for the completion of a handicapped-accessible deck located in the Teen Court Community Garden.

Teen Court Fines – Used to account for donations from fines in McDonough County to support a program in which teens participate in community service held in the Teen Court Community Garden.

Title I – Foundational Services – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #26 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Major Special Revenue Funds (Concluded)

Education Fund (Concluded)

Title II – Teacher Leadership – This program accounts for the purchasing of evaluation training for teachers and evaluator training for principals through Growth Through Learning Illinois.

Title II – Teacher Quality – Used to account for funding to increase student achievement by elevating teacher and principal quality through recruitment, hiring, and retention strategies and to hold local education agencies and schools accountable for improvements in student academic achievement.

Title IV – Safe and Drug Free Formula – Used to account for a regional, multi-district program on drug and alcohol abuser education and prevention for students throughout all grade levels (pre-K through 12).

Truants Alternative Optional Education – Used to account for State grant revenues and expenditures to provide tutoring services and to encourage students to stay in school.

Truants Alternative Optional Education Program Training – Used to account for State grant proceeds expended to train individuals in Truants Alternative Education.

United Way – Used to account for funding from local United Way for child birth classes and materials.

WC4 (ROE/ISC Operations) – Used to develop and implement a regional improvement plan.

The Regional Office of Education #26 reports the following nonmajor special revenue funds:

General Education Development (GED) – Used to account for fees and expenditures incidental to administering the high school equivalency testing program.

Bus Driver Training – Used to account for fees and expenditures incidental to conducting courses of instruction for school bus drivers pursuant to the standards established by the Illinois Secretary of State.

Institute – Used to account for examination, registration, and renewal fees for teaching licenses and to defray expenses incidental to teachers' institutes, workshops and professional meetings.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenue and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #26 reports the following major proprietary fund:

Western Area Purchasing Co-op – A joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the Co-op, which accumulates the orders and purchases large quantities for distribution to the districts. As noted previously, the Purchasing Co-op is a discretionary enterprise fund.

The Regional Office of Education #26 reports the following nonmajor proprietary funds:

Workshop Fund – Accounts for all activity for workshops managed by the Regional Office.

Fingerprinting Fund – Accounts for the activity for fingerprinting services.

FIDUCIARY FUNDS

Agency Funds – Fiduciary funds account for assets held by the Regional Office of Education #26 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Administrators Roundtable – This fund accounts for the activities of a group of area educational administrators partnering with Western Illinois University's Education Leadership Department. Monies are used to enhance district resources by providing an opportunity for administrators to receive and discuss information related to significant issues in the State and Region.

Area III Superintendents – Accounts for collective activities of all the Area III regional superintendents. Membership fees are used to provide meetings and seminars for disseminating current information on administration issues.

Hancock County Principals – Accounts for collective activities of all the Hancock County school principals. Fees are used to provide meetings and seminars for disseminating current information on administration issues.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Regional Board of School Trustees – Accounts for the marketing and disposal of school properties belonging to local education agencies and for expenses related to detachment petitions.

Western Area Career System (WACS) – This system is housed within the Regional Office of Education #26's office and shares the same phone system, copier, etc. The Regional Office of Education records the WACS' phone and copier usage and appropriately charges WACS monthly for the usage.

Distributive Fund – The resources in this fund are received by and passed through the Regional Office from the State to their owners. Entities whose resources are received by and passed through the Distributive Fund include the Western Area Career System, West Central Illinois Special Ed, and the Regional Office of Education #26.

I. GOVERNMENTAL FUND BALANCES

Fund balance is the difference between assets plus deferred outflows of resources and liabilities plus 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 #26's nonspendable fund balance consists of prepaid expenses in the Apex account of the General Fund.

Restricted Fund Balance – The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following Education Fund accounts' fund balances are restricted by donor restrictions, grant agreements, or contracts: Family Literacy, Family Violence, Hearing/Vision Screening, Local Donations, ROE Technology Maintenance, Teen Court Donations, Title IV - Safe and Drug Free Formula, and United Way. The following fund balances are restricted by Illinois Statute: Bus Driver Training and Institute Funds.

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 #26 has no committed fund balances.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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 #26 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 Regional Office of Education #26 has unassigned fund balances in the following General Fund accounts: County, Regional Programs, Interest, Hancock McDonough Alternative Schools, Apex, and Online Clearing. The Regional Office of Education #26 has an unassigned fund balance in the following nonmajor special revenue fund: General Education Development.

J. 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.

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit and invested in money market accounts. The Regional Office of Education #26 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. INVENTORY

Inventories are carried at the lower of cost or market, cost being determined on the first-in, first-out (FIFO) method.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. CAPITAL ASSETS

Capital assets, which include buildings, software, and furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$500 or more with a useful life of greater than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives: software over 3 years, furniture and equipment over 5 years, and buildings over 40 years.

N. COMPENSATED ABSENCES

The eligible employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 10 days for full-time staff employed less than 5 years, 15 days for full-time staff employed between 5 and 14 years, and 20 days for full-time staff employed 15 years or more. An employee may accumulate up to the number of vacation days earned in two years before accrual ceases. On termination, any accumulated vacation is treated as unused sick leave when calculating length of service for pension purposes, if applicable, but is not paid. The Regional Office of Education #26 has accrued a liability of \$66,152 for vacation pay earned but unused as of June 30, 2015.

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

Eligible employees receive up to 12 sick days annually. A maximum of 240 days of sick leave may be accumulated by permanent full-time employees, but no payment is made for unused sick leave when a person leaves his or her position. Therefore, no liability for unused sick leave is accrued.

O. 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.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. BUDGET INFORMATION

The Regional Office of Education #26 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. Comparisons of budgeted and actual results are presented as supplemental information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Child and Family Connections, Early Childhood Grant, Early Childhood Block Grant, Family Violence, McKinney Education for Homeless Children, Regional Safe Schools, Title I – Foundational Services, Title II – Teacher Leadership, Title II – Teacher Quality, Truants Alternative Optional Education, Truants Alternative Optional Education Program Training, and WC4 (ROE/ISC Operations).

Q. 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 net difference between projected and actual earnings on pension plan investments.

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Regional Office of Education #26 to make deposits and invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Funds.



HANCOCK/MCDONOUGH COUNTIES  
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NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

A. DEPOSITS

At June 30, 2015, the carrying amount of the Regional Office of Education #26's government-wide and agency fund deposits were \$458,759 and \$24,783, respectively, and the bank balances were \$603,356 and \$33,646, respectively. Of the total bank balances as of June 30, 2015, \$250,618 was secured by federal depository insurance, \$343,035 was collateralized by securities pledged by the Regional Office of Education #26's financial institution on behalf of the Regional Office, and \$43,349 was invested in the Illinois Funds Money Market Fund.

B. INVESTMENTS

The Regional Office of Education #26 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. The Regional Office of Education #26's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2015, the Regional Office of Education #26 had investments with carrying value of \$43,349 the Illinois Funds Money Market Fund.

CREDIT RISK

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

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

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NOTE 3 – DEFINED BENEFIT PENSION PLAN

**IMRF Plan Description**

The Regional Office of Education #26'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 #26'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 following "Benefits Provided" section. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

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

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

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

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

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Employees Covered by Benefit Terms**

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

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	14
Inactive Plan Members entitled to but not yet receiving benefits	21
Active Plan Members	18
<b>Total</b>	<b>53</b>

**Contributions**

As set by statute, the Regional Office of Education #26’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 #26’s annual contribution rate for calendar year 2014 was 13.14%. For the calendar year ended December 31, 2014, the Regional Office of Education #26 contributed \$86,972 to the plan. The Regional Office of Education #26 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 #26’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.

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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**NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)**

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

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2013</b>	\$ 2,285,429	\$ 2,207,902	\$ 77,527
<b>Changes for the year:</b>			
Service Cost	83,338	-	83,338
Interest on the Total Pension Liability	171,386	-	171,386
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(18,897)	-	(18,897)
Changes of Assumptions	84,040	-	84,040
Contributions - Employer	-	86,972	(86,972)
Contributions - Employees	-	33,791	(33,791)
Net Investment Income	-	137,716	(137,716)
Benefit Payments, including Refunds of Employee Contributions	(84,570)	(84,570)	-
Other (Net Transfer)	-	(1,818)	1,818
<b>Net Changes</b>	<b>235,297</b>	<b>172,091</b>	<b>63,206</b>
<b>Balances at December 31, 2014</b>	<b>\$ 2,520,726</b>	<b>\$ 2,379,993</b>	<b>\$ 140,733</b>

**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:

	<b>1% Lower 6.50%</b>	<b>Current Discount 7.50%</b>	<b>1% Higher 8.50%</b>
<b>Net Pension Liability</b>	\$ 553,898	\$ 140,733	\$ (183,773)

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**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 #26 recognized pension expense of \$80,713. At June 30, 2015, the Regional Office of Education #26 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ -	\$ 13,605
Changes of assumptions	60,507	-
Net difference between projected and actual earnings on pension plan investments	23,436	-
Total Deferred Amounts to be recognized in pension expense in future periods	83,943	13,605
Pension Contributions made subsequent to the Measurement Date	59,897	-
Total Deferred Amounts Related to Pensions	\$ 143,840	\$ 13,605

\$59,897 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31</b>	<b>Net Deferred Outflows of Resources</b>
2015	\$ 24,101
2016	24,101
2017	16,277
2018	5,859
2019	-
Thereafter	-
Total	\$ 70,338

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #26 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The TRS Board of Trustees is responsible for the System’s administration.

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

**Benefits provided**

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

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

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

**Contributions**

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

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #26.

**On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #26. For the year ended June 30, 2015, State of Illinois contributions recognized by the Regional Office of Education #26 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #26, and the Regional Office of Education #26 recognized revenue and expenditures of \$211,510 in pension contributions from the State of Illinois.

**2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$2,598, and are deferred because they were paid after the June 30, 2014, measurement date.

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #26, there is a statutory requirement for the Regional Office of Education #26 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$40,863 were paid from federal and special trust funds that required employer contributions of \$13,485. These contributions are deferred because they were paid after the June 30, 2014, measurement date.

**Employer retirement cost contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #26 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member’s age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the Regional Office of Education #26 paid no employer ERO contributions.



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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The Regional Office of Education #26 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the Regional Office of Education #26 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal allotment.

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

At June 30, 2015, the Regional Office of Education #26 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follow:

Employers proportionate share of the net pension liability	\$ 260,967
State’s proportionate share of the net pension liability associated with the employer	<u>2,627,105</u>
<b>Total</b>	<b><u>\$ 2,888,072</u></b>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The Regional Office of Education #26’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the employer’s proportion was 0.0004288104 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The Regional Office of Education #26’s proportion of the net pension liability as of June 30, 2013, was based on the Regional Office of Education #26’s share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the employer’s proportion was 0.0007272608 percent.

For the year ended June 30, 2015, the Regional Office of Education #26 recognized pension expense of \$211,510 and revenue of \$211,510 for support provided by the State. For the year ended June 30, 2015, the Regional Office of Education #26 recognized pension income of \$15,921. At June 30, 2015, the Regional Office of Education #26 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 138	\$ -
Net difference between projected and actual earnings on pension plan investments	-	13,116
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	150,458
Employer contributions subsequent to the measurement date	16,083	-
<b>Total</b>	<b>\$ 16,221</b>	<b>\$ 163,574</b>

\$16,083 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$ (39,764)
2017	(39,764)
2018	(39,764)
2019	(39,764)
2020	(4,380)
	\$ (163,436)

**Actuarial assumptions**

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

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

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

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

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

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

**Discount rate**

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

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

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

**Sensitivity of the Regional Office of Education #26’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education #26’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability	\$ 322,281	\$ 260,967	\$ 210,191

**TRS fiduciary net position**

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

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY

The Regional Office of Education #26 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
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NOTE 5 – TEACHER HEALTH INSURANCE SECURITY (Concluded)

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

**On-behalf contributions to the THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #26. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$4,488, and the Regional Office of Education #26 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2014 and 2013, were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of Regional Office of Education #26’s employees were \$4,186 and \$4,152, respectively.

**Employer contributions to THIS Fund.** The Regional Office of Education #26 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year ended June 30, 2015. For the year ended June 30, 2015, the Regional Office of Education #26 paid \$3,344 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2014 and 2013, the Regional Office paid \$3,107 and \$3,114 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 6 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds		
Education Fund	\$ 26,889	\$ 206,646
General Fund	374,933	194,531
General Education Development Fund	-	645
Total	<u>\$ 401,822</u>	<u>\$ 401,822</u>

HANCOCK/MCDONOUGH COUNTIES  
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NOTE 6 – INTERFUND ACTIVITY (Concluded)

TRANSFERS

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

Fund	Transfer In	Transfer Out
General Fund:		
Regional Programs	\$ 8,755	\$ -
Hancock McDonough Alternative Schools	-	29,558
Directory	-	8,755
Interest	-	1,380
Online Clearing	1,380	-
Education Fund:		
Early Childhood Block Grant (3705-01)	6,461	-
Pioneer Grant	855	-
Regional Safe Schools	18,086	-
Truants Alternative Optional Education	4,156	-
	<u>\$ 39,693</u>	<u>\$ 39,693</u>

NOTE 7 – RISK MANAGEMENT

The Regional Office of Education #26 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 #26 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 8 – OPERATING LEASES

The Regional Office of Education #26 leases classroom and office space from various parties. During the fiscal year 2015, the Regional Office of Education #26 leased classroom and office space located at 553 Main Street, Carthage, Illinois, from individuals for \$850 per month. The lease renewal term was from August 1, 2014, to July 31, 2015.

The Regional Office of Education #26 also leased classrooms and office space located at 1301 North Main Street, Suite 3, Monmouth, Illinois, from Standard of Beaverdale, Inc., for \$574.98 per month. An annual inflation adjustment of 3.0% per year is added each year, beginning in 2012. The lease term began on April 1, 2013, and ended on March 31, 2014, but was renewed for the period April 1, 2015, through March 31, 2016, at \$610 per month.

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
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NOTE 8 – OPERATING LEASES (Concluded)

The Regional Office of Education #26 leases office space located on 341 South Johnson Street, Macomb, Illinois, from Gamage Appliance for \$2,500 per month. The lease term is from July 1, 2014, to June 30, 2015.

The Regional Office of Education #26 leases temporary classroom space located at 96 South Madison, Carthage, Illinois, From WM Investments, Inc., for \$1,000 per month, on a month-to-month basis. The lease began on November 19, 2014, and may be canceled with 30 days notice.

The Regional Office of Education #26 had a lease agreement with the Macomb Public Building Commission from January 1, 2008, through December 31, 2012, for office space at 130 South Lafayette Street, Suite 200, Macomb, Illinois, for \$2,150 per month. The lease was renewed for the period January 1, 2013, through December 31, 2015.

The Regional Office leased office space located at 616 East Polk, Cuba, Illinois, from the City of Cuba Community Center for \$200 per month. The lease ran from July 1, 2014, through June 30, 2015, with an option to renew yearly.

The Regional Office leased office space located at 500 Wabash, Carthage, Illinois, from the Carthage Library District for \$100 per month. This is a month-to-month lease that may be canceled with 30 days notice.

Total lease expense for the year ended June 30, 2015, was \$84,169. Future minimum lease payments are as follows for the years ending June 30:

2016	\$ 12,900
2017 and thereafter	-
	<u>\$ 12,900</u>

NOTE 9 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #26 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office’s assets consist of buildings, software, and equipment. 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:

HANCOCK/MCDONOUGH COUNTIES  
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JUNE 30, 2015

NOTE 9 – CAPITAL ASSET ACTIVITY (Concluded)

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Software & equipment	\$ 150,131	\$ 33,854	\$ -	\$ 183,985
Governmental Activities Total Assets	150,131	33,854	-	183,985
Less Accumulated Depreciation	89,861	28,698	-	118,559
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 60,270</u>	<u>\$ 5,156</u>	<u>\$ -</u>	<u>\$ 65,426</u>
Business-type Activities:				
Building	\$ 74,900	\$ -	\$ -	\$ 74,900
Software & Equipment	14,861	-	-	14,861
Business-type Activities Total Assets	89,761	-	-	89,761
Less Accumulated Depreciation	27,327	5,101	-	32,428
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ 62,434</u>	<u>\$ (5,101)</u>	<u>\$ -</u>	<u>\$ 57,333</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2015, of \$28,698 and \$5,101 was charged to the governmental activities – Instructional Services and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 10 – 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.



HANCOCK/MCDONOUGH COUNTIES  
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 JUNE 30, 2015

NOTE 10 – DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES (Concluded)

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 60 days after year end.

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

NOTE 11 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education #26:

Regional Superintendent Salary	\$ 106,356
Assistant Regional Superintendents’ Salaries	91,736
Regional Superintendent Benefits (includes State-paid insurance)	29,894
Assistant Regional Superintendents’ Benefits (includes State-paid insurance)	1,330
THIS Contributions	<u>4,488</u>
Total	<u>\$ 233,804</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendents were calculated based on data provided by the Illinois State Board of Education (ISBE). These amounts have been reported in the accompanying governmental fund financial statements as State revenue and expenditures.

Regional Office of Education #26 also recorded \$211,510 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s Teachers’ Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #26 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendents.

State of Illinois on-behalf payments	\$ 233,804
ROE #26’s share of TRS pension expense	211,510
Total	<u>\$ 445,314</u>

HANCOCK/MCDONOUGH COUNTIES  
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NOTE 12 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #26’s General Fund, Education Fund, Nonmajor Special Revenue Funds, Proprietary Funds, and Fiduciary Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

<u>General Fund</u>	
Local Governments	\$ 117,046
<u>Education Fund</u>	
Local Governments	2,436
Illinois State Board of Education	99,251
Department of Human Services	77,188
<u>Nonmajor Special Revenue Funds</u>	
Local Governments	57
<u>Proprietary Funds</u>	
Local Governments	158,152
<u>Fiduciary Funds</u>	
Illinois State Board of Education	1,323,302
Local Governments	<u>8</u>
Total	<u>\$1,777,440</u>

Due to Other Governments:

<u>General Fund</u>	
Local Governments	\$ 406
<u>Education Fund</u>	
Illinois State Board of Education	15,973
<u>Proprietary Funds</u>	
Local Governments	131,770
<u>Fiduciary Funds</u>	
Local Governments	<u>1,348,093</u>
Total	<u>\$1,496,242</u>

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

The Regional Office of Education #26 participates in the Western Area School Health Benefit Plan (“Plan”) as a member of the Western Area School Association (“Association”). The Plan is a cost-sharing, multiple-employer defined-benefit postemployment health care plan that was established by certain Illinois local governmental units constituting the Association pursuant to the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq., for the benefit of certain employees (and their dependents) of the members of the Association. The Plan is funded through the Western Area School Employee Benefits Trust (“Trust”) which is also controlled by the Association. The Association, Plan, and Trust together constitute a joint insurance pool under 5 ILCS 220/6. The Association is the administrator of the Plan. The MidAmerica National Bank, N.A., is the trustee of the Trust.

HANCOCK/MCDONOUGH COUNTIES  
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NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Plan provides medical, dental, vision, and prescription drug benefits to employees (and their dependents) of the members of the Association. Participants may elect several different subplans with different deductibles and out-of-pocket maximums. The benefits are determined by the Association and the Plan may be amended or terminated by the Association. Some benefits are required by the Illinois Insurance Code, 215 ILCS 5/1 et seq., and the federal Public Health Code, 42 USC 300gg et seq.

Contributions to the Plan and Trust are determined by the Association board in consultation with its actuary pursuant to the terms of the Plan and Trust as allowed by the Illinois Intergovernmental Cooperation Act. Association members are required to contribute funds as assessed by the Association board in accordance with the terms of the Trust.

The following contributions are required for the Regional Office of Education #26 for the Plan year 2014-2015:

	<b>PREMIUMS</b>			
	<u>Single</u>	<u>Employee + 1</u>	<u>Employee + 2</u>	<u>Employee + 3/more</u>
<b>Medical &amp; Rx</b>				
\$1,000 Deductible Plan	\$ 678	\$ 1,509	\$ 1,522	\$ 1,639
\$2,000 Deductible Plan	657	1,339	1,345	1,443
\$3,000 HSA Plan	617	1,138	1,143	1,218
<b>Dental (optional)</b>	\$ 21	\$ 39	\$ 49	\$ 63
<b>Vision (optional)</b>	\$ 9	\$ 13	\$ 18	\$ 28
<b>Basic Life Insurance &amp; AD&amp;D</b>				
\$10,000 life plus AD&D	\$1.30 per employee per month			
<b>Dependent Life Insurance</b>				
\$5,000	\$2.98 per employee per month			
\$2,000	\$0.78 per employee per month			

Of these contributions, the employees or former employees must pay:

- For employee Medical & Rx and dental – 0% of the contributions
- For dependent and vision coverage – 100% of the contributions

The following contributions were required for the Regional Office of Education #26 for the Plan year 2013-2014:

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

	<b>PREMIUMS</b>			
	<u>Single</u>	<u>Employee + 1</u>	<u>Employee + 2</u>	<u>Employee + 3/more</u>
<b>Medical &amp; Rx</b>				
The following rates include the cost for major medical and Rx card.				
\$750** Deductible Plan	\$ 648	\$ 1,445	\$ 1,457	\$ 1,567
\$1,000 Deductible Plan	648	1,445	1,457	1,567
\$2,000 Deductible Plan	628	1,284	1,290	1,383
\$3,000** Deductible Plan	617	1,166	1,171	1,244
\$5,000** Deductible Plan	562	1,003	1,015	1,104
\$3,000 HSA Plan	591	1,096	1,100	1,171

\*\*Discontinued deductible on 1/1/2014

<b>Dental (optional)</b>	\$ 20	\$ 37	\$ 47	\$ 60
<b>Vision (optional)</b>	\$ 8	\$ 12	\$ 16	\$ 25

**Basic Life Insurance & AD&D**

\$10,000 life plus AD&D \$1.30 per employee per month

**Dependent Life Insurance**

\$5,000 \$2.98 per employee per month  
 \$2,000 \$0.78 per employee per month

Of these contributions, the employees or former employees must pay:

For employee Medical & Rx and dental – 0% of the contributions  
 For dependent and vision coverage – 100% of the contributions

The following contributions were required for the Regional Office of Education #26 for the Plan period 1/1/2013 – 9/30/2013:

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JUNE 30, 2015

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

	<b>PREMIUMS</b>			
	<u>Single</u>	<u>Employee + 1</u>	<u>Employee + 2</u>	<u>Employee + 3/more</u>
<b>Medical &amp; Rx</b>				
The following rates include the cost for major medical and Rx card.				
\$750 Deductible Plan	\$ 612	\$ 1,407	\$ 1,422	\$ 1,540
\$1,000 Deductible Plan	591	1,292	1,303	1,401
\$2,000 Deductible Plan	572	1,149	1,155	1,237
\$3,000 Deductible Plan	562	1,081	1,085	1,153
\$5,000 Deductible Plan	511	930	941	1,023
\$3,000 HSA Plan	538	1,016	1,020	1,085
<b>Dental (optional)</b>	\$ 19	\$ 35	\$ 44	\$ 57
<b>Vision (optional)</b>	\$ 7	\$ 11	\$ 14	\$ 22
<b>Basic Life Insurance &amp; AD&amp;D</b>				
\$10,000 life plus AD&D	\$1.30 per employee per month			
<b>Dependent Life Insurance</b>				
\$5,000	\$2.98 per employee per month			
\$2,000	\$0.78 per employee per month			

Of these contributions, the employees or former employees must pay:

- For employee Medical & Rx and dental – 0% of the contributions
- For dependent and vision coverage – 100% of the contributions

The following contributions were required for the Regional Office of Education #26 for the Plan period 10/1/2012-12/31/2012:

	<b>PREMIUMS</b>			
	<u>Single</u>	<u>Employee + 1</u>	<u>Employee + 2</u>	<u>Employee + 3/more</u>
<b>Medical &amp; Rx</b>				
The following rates include the cost for major medical and Rx card.				
\$500 Deductible Plan	\$ 631	\$ 1,450	\$ 1,466	\$ 1,588
\$1,000 Deductible Plan	609	1,332	1,343	1,444
\$2,000 Deductible Plan	590	1,185	1,191	1,275
\$3,000 Deductible Plan	579	1,114	1,119	1,189
<b>Dental (optional)</b>	\$ 19	\$ 35	\$ 44	\$ 57
<b>Vision (optional)</b>	\$ 7	\$ 11	\$ 14	\$ 22
<b>Basic Life Insurance &amp; AD&amp;D</b>				
\$10,000 life plus AD&D	\$1.30 per employee per month			
<b>Dependent Life Insurance</b>				
\$5,000	\$2.98 per employee per month			
\$2,000	\$0.78 per employee per month			

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Concluded)

Of these contributions, the employees or former employees must pay:

- For employee Medical & Rx and dental – 0% of the contributions
- For dependent and vision coverage – 100% of the contributions

The publicly available financial report of the Plan and Trust may be obtained by writing to:

Western Area School Association  
c/o David Thompson  
David Thompson Insurance  
120 W. Carroll Street  
Macomb, IL 61455

In addition, the Regional Office of Education #26 allows IMRF employees who retire through the Plan the option to continue to participate in the plan as required by the Illinois Compiled Statutes, with the retiree paying the full premium cost for the coverage. This has not created an implicit subsidy as defined by Governmental Accounting Standard Board (GASB) Statement No. 45 as the Plan is considered a community-rated plan. In addition, the Regional Office of Education #26 has no explicit subsidy as defined by GASB Statement No. 45.

NOTE 14 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which overexpend appropriations during the year are required to be disclosed. The following funds had fund deficits as of June 30, 2015:

<u>Fund</u>	<u>Amount</u>
General Fund	
Regional Programs	\$ 185,331
Nonmajor Special Revenue Fund	
General Education Development	636
Proprietary Fund	
Western Area Purchasing Co-op	125,668

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015

NOTE 15 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013, the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognized consolidations agreed to via county board resolutions prior to June 30, 2013, and directed certain other consolidations. Effective July 1, 2015, Hancock/McDonough Counties Regional Office of Education #26 will consolidate Fulton/Schuyler Counties Regional Office of Education #22 into its Educational Service Region.

NOTE 16 – RESTATEMENT

The Regional Office of Education #26 implemented GASB 68 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net pension liability in the current year. The net opening balances of deferred outflows of resources, deferred inflows of resources, and net pension liability totaled \$454,582. Because these pension-related opening balances reflect pension expenses not previously recognized, the opening net position of the governmental activities on the government-wide Statement of Activities has been restated as follows:

Governmental Activities Net Position

Net position - July 1, 2014	\$ 742,874
Effect of recognizing deferred outflows of resources and net pension liability	(454,582)
Net position, restated - July 1, 2014	<u>\$ 288,292</u>

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



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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>
<b>Total Pension Liability</b>	
Service Cost	\$ 83,338
Interest on the Total Pension Liability	171,386
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(18,897)
Changes of Assumptions	84,040
Benefit Payments, including Refunds of Employee Contributions	(84,570)
<b>Net Change in Total Pension Liability</b>	<u>235,297</u>
 <b>Total Pension Liability - Beginning</b>	 <u>2,285,429</u>
 <b>Total Pension Liability - Ending (A)</b>	 <u><u>\$ 2,520,726</u></u>
 <b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 86,972
Contributions - Employees	33,791
Net Investment Income	137,716
Benefit Payments, including Refunds of Employee Contributions	(84,570)
Other (Net Transfer)	(1,818)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>172,091</u>
 <b>Plan Fiduciary Net Position - Beginning</b>	 <u>2,207,902</u>
 <b>Plan Fiduciary Net Position - Ending (B)</b>	 <u><u>\$ 2,379,993</u></u>
 <b>Net Pension Liability - Ending (A) - (B)</b>	 <u><u>\$ 140,733</u></u>
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	 94.42%
 <b>Covered Valuation Payroll</b>	 \$ 662,005
 <b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	 21.26%

**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.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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	\$ 82,874	\$ 86,972	\$ (4,098)	\$ 662,005	13.14%

**Notes to Schedule:**

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

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2014 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	29-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; no explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality

***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.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2015 \*

Employer's proportion of the net pension liability	0.0004288104%
Employer's proportionate share of the net pension liability	\$ 260,967
State's proportionate share of the net pension liability associated with the employer	<u>2,627,105</u>
<b>Total</b>	<u><u>\$ 2,888,072</u></u>
Employer's covered-employee payroll	\$ 431,540
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.5%
Plan fiduciary net position as a percentage of the total pension liability	43.0%

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

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

Fiscal Year Ended June 30,	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 16,037	\$ 16,083	\$ (46)	\$ 440,045	3.7%
2014	15,300	15,589	(289)	431,540	3.6%

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

**Notes to This Required Supplementary Information**

*Changes of assumptions*

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

OTHER SUPPLEMENTAL INFORMATION

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2015

	County	Regional Programs	Directory	Interest	Hancock McDonough Alternative Schools	Apex	Online Clearing	TOTALS
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 41,343	\$ 33,250	\$ 113,706	\$ 933	\$ 189,232
Due from other funds	-	-	-	-	374,933	-	-	374,933
Due from other governments								
Local	106,608	2,699	-	-	1,089	6,650	-	117,046
Prepaid expenses	-	-	-	-	-	11,649	-	11,649
<b>TOTAL ASSETS</b>	<b>\$ 106,608</b>	<b>\$ 2,699</b>	<b>\$ -</b>	<b>\$ 41,343</b>	<b>\$ 409,272</b>	<b>\$ 132,005</b>	<b>\$ 933</b>	<b>\$ 692,860</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 594	\$ 7,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,359
Accrued expenses	-	66,152	-	-	-	-	-	66,152
Due to other funds	47,163	114,113	-	-	33,255	-	-	194,531
Due to other governments:								
Local	-	-	-	-	406	-	-	406
<b>Total Liabilities</b>	<b>47,757</b>	<b>188,030</b>	<b>-</b>	<b>-</b>	<b>33,661</b>	<b>-</b>	<b>-</b>	<b>269,448</b>
<b>FUND BALANCE (DEFICIT)</b>								
Nonspendable	-	-	-	-	-	11,649	-	11,649
Unassigned	58,851	(185,331)	-	41,343	375,611	120,356	933	411,763
<b>Total Fund Balance (Deficit)</b>	<b>58,851</b>	<b>(185,331)</b>	<b>-</b>	<b>41,343</b>	<b>375,611</b>	<b>132,005</b>	<b>933</b>	<b>423,412</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 106,608</b>	<b>\$ 2,699</b>	<b>\$ -</b>	<b>\$ 41,343</b>	<b>\$ 409,272</b>	<b>\$ 132,005</b>	<b>\$ 933</b>	<b>\$ 692,860</b>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

	County	Regional Programs	Directory	Interest	Hancock McDonough Alternative Schools	Apex	Online Clearing	TOTALS
<b>REVENUES</b>								
Local sources	\$ 106,608	\$ 28,902	\$ -	\$ 950	\$ 8,063	\$ 43,740	\$ 1,831	\$ 190,094
State sources	-	11,392	-	-	162,284	-	-	173,676
On-behalf payments - State	-	233,804	-	-	-	-	-	233,804
Federal sources	-	30,417	-	-	6,561	-	-	36,978
Total Revenues	106,608	304,515	-	950	176,908	43,740	1,831	634,552
<b>EXPENDITURES</b>								
Salaries and benefits	63,631	113,583	-	-	142,721	-	-	319,935
Pension expense	5,362	7,653	-	-	2,921	-	-	15,936
Purchased services	19,220	75,648	-	1,501	98,803	17,772	1,721	214,665
Supplies and materials	270	8,914	-	-	5,877	-	-	15,061
Other objects	-	17,508	-	-	-	-	-	17,508
Capital outlay	-	-	-	-	3,695	-	-	3,695
On-behalf payments	-	233,804	-	-	-	-	-	233,804
Total Expenditures	88,483	457,110	-	1,501	254,017	17,772	1,721	820,604
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>								
	18,125	(152,595)	-	(551)	(77,109)	25,968	110	(186,052)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	8,755	-	-	-	-	1,380	10,135
Transfers out	-	-	(8,755)	(1,380)	(29,558)	-	-	(39,693)
Total Other Financing Sources (Uses)	-	8,755	(8,755)	(1,380)	(29,558)	-	1,380	(29,558)
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>								
	18,125	(143,840)	(8,755)	(1,931)	(106,667)	25,968	1,490	(215,610)
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>								
	40,726	(41,491)	8,755	43,274	482,278	106,037	(557)	639,022
<b>FUND BALANCE (DEFICIT) - ENDING</b>								
	\$ 58,851	\$ (185,331)	\$ -	\$ 41,343	\$ 375,611	\$ 132,005	\$ 933	\$ 423,412

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2015

	Adult Learning Resource Center	Child and Family Connections	Early Childhood Grant (3705-00)	Early Childhood Block Grant (3705-01)	Family Literacy
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,145	\$ -	\$ 18,301	\$ 1,903	\$ 737
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Due from other governments:					
Local	-	-	-	-	-
State	-	77,188	-	-	-
Federal	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 6,145</u></b>	<b><u>\$ 77,188</u></b>	<b><u>\$ 18,301</u></b>	<b><u>\$ 1,903</u></b>	<b><u>\$ 737</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 10,454	\$ 1,903	\$ -
Due to other funds	-	77,188	-	-	-
Due to other governments:					
State	-	-	7,847	-	-
Federal	6,145	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>6,145</u></b>	<b><u>77,188</u></b>	<b><u>18,301</u></b>	<b><u>1,903</u></b>	<b><u>-</u></b>
<b>FUND BALANCE</b>					
Restricted	-	-	-	-	737
<b>Total Fund Balance</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>737</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 6,145</u></b>	<b><u>\$ 77,188</u></b>	<b><u>\$ 18,301</u></b>	<b><u>\$ 1,903</u></b>	<b><u>\$ 737</u></b>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2015

	<u>Family Violence</u>	<u>Hearing/Vision Screening</u>	<u>Local Donations</u>	<u>McKinney Education for Homeless Children</u>	<u>Pioneer Grant</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,344	\$ 5,964	\$ 2,815	\$ -	\$ -
Due from other funds	-	-	-	11,168	-
Prepaid expenses	-	-	-	-	-
Due from other governments:					
Local	-	1,743	-	-	-
State	-	-	-	-	-
Federal	-	-	-	87,211	-
<b>TOTAL ASSETS</b>	<u><u>\$ 1,344</u></u>	<u><u>\$ 7,707</u></u>	<u><u>\$ 2,815</u></u>	<u><u>\$ 98,379</u></u>	<u><u>\$ -</u></u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 27,879	\$ -
Due to other funds	-	232	-	70,500	-
Due to other governments:					
State	-	-	-	-	-
Federal	-	-	-	-	-
Unearned revenue	35	-	-	-	-
<b>Total Liabilities</b>	<u>35</u>	<u>232</u>	<u>-</u>	<u>98,379</u>	<u>-</u>
<b>FUND BALANCE</b>					
Restricted	1,309	7,475	2,815	-	-
<b>Total Fund Balance</b>	<u>1,309</u>	<u>7,475</u>	<u>2,815</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 1,344</u></u>	<u><u>\$ 7,707</u></u>	<u><u>\$ 2,815</u></u>	<u><u>\$ 98,379</u></u>	<u><u>\$ -</u></u>



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2015

	Regional Safe Schools	Regional System Provider/ Federal System	ROE Technology Maintenance	Teen Court Donations	Teen Court Fines
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,086	\$ 15,396	\$ 953	\$ 366	\$ 16,014
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Due from other governments:					
Local	-	-	-	-	693
State	3,677	-	-	-	-
Federal	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 21,763</u></b>	<b><u>\$ 15,396</u></b>	<b><u>\$ 953</u></b>	<b><u>\$ 366</u></b>	<b><u>\$ 16,707</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	21,763	-	-	-	232
Due to other governments:					
State	-	-	-	-	-
Federal	-	-	-	-	-
Unearned revenue	-	15,396	-	-	16,475
<b>Total Liabilities</b>	<b><u>21,763</u></b>	<b><u>15,396</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>16,707</u></b>
<b>FUND BALANCE</b>					
Restricted	-	-	953	366	-
<b>Total Fund Balance</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>953</u></b>	<b><u>366</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 21,763</u></b>	<b><u>\$ 15,396</u></b>	<b><u>\$ 953</u></b>	<b><u>\$ 366</u></b>	<b><u>\$ 16,707</u></b>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2015

	Title I - Foundational Services	Title II - Teacher Leadership	Title II - Teacher Quality	Title IV - Safe and Drug Free Formula	Truants Alternative Optional Education
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 632	\$ 15,721
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Due from other governments:					
Local	-	-	-	-	-
State	-	-	-	-	-
Federal	7,930	-	433	-	-
<b>TOTAL ASSETS</b>	<u>\$ 7,930</u>	<u>\$ -</u>	<u>\$ 433</u>	<u>\$ 632</u>	<u>\$ 15,721</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 6,563	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,367	-	433	-	15,721
Due to other governments:					
State	-	-	-	-	-
Federal	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<u>7,930</u>	<u>-</u>	<u>433</u>	<u>-</u>	<u>15,721</u>
<b>FUND BALANCE</b>					
Restricted	-	-	-	632	-
<b>Total Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>632</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 7,930</u>	<u>\$ -</u>	<u>\$ 433</u>	<u>\$ 632</u>	<u>\$ 15,721</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2015

	Truants Alternative Optional Education Program Training	United Way	WC4 (ROE/ISC Operations)	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,200	\$ 2,445	\$ 108,022
Due from other funds	15,721	-	-	26,889
Prepaid expenses	76,351	-	-	76,351
Due from other governments:				
Local	-	-	-	2,436
State	-	-	-	80,865
Federal	-	-	-	95,574
<b>TOTAL ASSETS</b>	<b>\$ 92,072</b>	<b>\$ 1,200</b>	<b>\$ 2,445</b>	<b>\$ 390,137</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,608	\$ -	\$ -	\$ 48,407
Due to other funds	18,514	232	464	206,646
Due to other governments:				
State	-	-	1,981	9,828
Federal	-	-	-	6,145
Unearned revenue	71,950	-	-	103,856
<b>Total Liabilities</b>	<b>92,072</b>	<b>232</b>	<b>2,445</b>	<b>374,882</b>
<b>FUND BALANCE</b>				
Restricted	-	968	-	15,255
<b>Total Fund Balance</b>	<b>-</b>	<b>968</b>	<b>-</b>	<b>15,255</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 92,072</b>	<b>\$ 1,200</b>	<b>\$ 2,445</b>	<b>\$ 390,137</b>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

	Adult Learning Resource Center	Child and Family Connections	Early Childhood Grant (3705-00)	Early Childhood Block Grant (3705-01)	Family Literacy
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	518,948	375,573	294,284	-
Federal sources	-	-	-	-	-
Total Revenues	<u>-</u>	<u>518,948</u>	<u>375,573</u>	<u>294,284</u>	<u>-</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	376,895	277,900	189,056	-
Pension expense	-	34,464	3,220	17,658	-
Purchased services	-	85,660	13,378	55,479	-
Supplies and materials	-	8,848	28,075	22,592	-
Other objects	-	500	-	-	-
Capital outlay	-	12,581	-	15,960	-
Payments to other governments	-	-	53,000	-	-
Total Expenditures	<u>-</u>	<u>518,948</u>	<u>375,573</u>	<u>300,745</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,461)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	6,461	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,461</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>737</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 737</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Family Violence</u>	<u>Hearing/Vision Screening</u>	<u>Local Donations</u>	<u>McKinney Education for Homeless Children</u>	<u>Pioneer Grant</u>
<b>REVENUES</b>					
Local sources	\$ 50	\$ 6,070	\$ -	\$ 3,281	\$ -
State sources	7,581	-	-	-	-
Federal sources	8,350	-	-	267,234	-
Total Revenues	<u>15,981</u>	<u>6,070</u>	<u>-</u>	<u>270,515</u>	<u>-</u>
<b>EXPENDITURES</b>					
Salaries and benefits	11,712	5,028	-	34,029	-
Pension expense	-	-	-	13,675	-
Purchased services	4,173	1,314	19	7,567	855
Supplies and materials	96	-	-	1,854	-
Other objects	-	-	-	-	-
Capital outlay	-	-	-	1,618	-
Payments to other governments	-	-	-	159,959	-
Total Expenditures	<u>15,981</u>	<u>6,342</u>	<u>19</u>	<u>218,702</u>	<u>855</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(272)</u>	<u>(19)</u>	<u>51,813</u>	<u>(855)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	855
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>855</u>
NET CHANGE IN FUND BALANCE	-	(272)	(19)	51,813	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>1,309</u>	<u>7,747</u>	<u>2,834</u>	<u>(51,813)</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,309</u>	<u>\$ 7,475</u>	<u>\$ 2,815</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

	Regional Safe Schools	Regional System Provider/ Federal System	ROE Technology Maintenance	Teen Court Donations	Teen Court Fines
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 9,248
State sources	44,124	-	-	-	-
Federal sources	-	-	-	-	-
Total Revenues	<u>44,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,248</u>
<b>EXPENDITURES</b>					
Salaries and benefits	61,015	-	-	-	6,712
Pension expense	244	-	-	-	-
Purchased services	951	-	-	-	1,038
Supplies and materials	-	-	-	-	1,498
Other objects	-	-	-	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>62,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,248</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,086)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	<u>18,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>18,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>953</u>	<u>366</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 953</u>	<u>\$ 366</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

	Title I - Foundational Services	Title II - Teacher Leadership	Title II - Teacher Quality	Title IV - Safe and Drug Free Formula	Truants Alternative Optional Education
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,625
State sources	-	-	-	-	93,132
Federal sources	32,725	1,471	743	-	-
Total Revenues	<u>32,725</u>	<u>1,471</u>	<u>743</u>	<u>-</u>	<u>95,757</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	-	-	-	92,160
Pension expense	-	-	-	-	5,273
Purchased services	30,636	1,471	683	-	2,480
Supplies and materials	2,089	-	60	-	-
Other objects	-	-	-	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>32,725</u>	<u>1,471</u>	<u>743</u>	<u>-</u>	<u>99,913</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,156)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	4,156
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,156</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>632</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

	Truants Alternative Optional Education Program Training	United Way	WC4 (ROE/ISC Operations)	TOTALS
<b>REVENUES</b>				
Local sources	\$ -	\$ 2,790	\$ -	\$ 24,064
State sources	200,071	-	51,244	1,584,957
Federal sources	-	-	-	310,523
Total Revenues	<u>200,071</u>	<u>2,790</u>	<u>51,244</u>	<u>1,919,544</u>
<b>EXPENDITURES</b>				
Salaries and benefits	92,250	830	40,029	1,187,616
Pension expense	9,350	101	-	83,985
Purchased services	97,464	2,195	11,215	316,578
Supplies and materials	1,007	-	-	66,119
Other objects	-	-	-	500
Capital outlay	-	-	-	30,159
Payments to other governments	-	-	-	212,959
Total Expenditures	<u>200,071</u>	<u>3,126</u>	<u>51,244</u>	<u>1,897,916</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(336)</u>	<u>-</u>	<u>21,628</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,558</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,558</u>
NET CHANGE IN FUND BALANCE	-	(336)	-	51,186
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>1,304</u>	<u>-</u>	<u>(35,931)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 968</u>	<u>\$ -</u>	<u>\$ 15,255</u>



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
CHILD AND FAMILY CONNECTIONS  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 492,856	\$ 492,856	\$ 518,948
Total Revenue	<u>492,856</u>	<u>492,856</u>	<u>518,948</u>
<b>EXPENDITURES</b>			
Salaries and benefits	413,756	413,756	376,895
Pension expense	-	-	34,464
Purchased services	60,850	60,850	85,660
Supplies and materials	15,750	15,750	8,848
Other objects	-	-	500
Capital outlay	2,500	2,500	12,581
Total Expenditures	<u>492,856</u>	<u>492,856</u>	<u>518,948</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 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>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
EARLY CHILDHOOD GRANT (14-3705-00)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amount
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 381,987	\$ 381,987	\$ 33,161
Total Revenue	<u>381,987</u>	<u>381,987</u>	<u>33,161</u>
<b>EXPENDITURES</b>			
Salaries and benefits	290,017	290,017	22,788
Purchased services	17,321	17,321	2,527
Supplies and materials	21,649	21,649	7,846
Payments to other governments	53,000	53,000	-
Total Expenditures	<u>381,987</u>	<u>381,987</u>	<u>33,161</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 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>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2013, through June 30, 2014; part of the grant was obligated in the prior year and expended in the current fiscal year.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
EARLY CHILDHOOD GRANT (15-3705-00)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 381,987	\$ 374,900	\$ 342,412
Total Revenue	<u>381,987</u>	<u>374,900</u>	<u>342,412</u>
<b>EXPENDITURES</b>			
Salaries and benefits	284,190	284,190	255,112
Pension expense	-	-	3,220
Purchased services	30,904	16,904	10,851
Supplies and materials	13,893	20,806	20,229
Payments to other governments	53,000	53,000	53,000
Total Expenditures	<u>381,987</u>	<u>374,900</u>	<u>342,412</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 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>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
EARLY CHILDHOOD BLOCK GRANT (14-3705-01)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amount
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 286,166	\$ 286,166	\$ 97,397
Total Revenue	<u>286,166</u>	<u>286,166</u>	<u>97,397</u>
<b>EXPENDITURES</b>			
Salaries and benefits	185,252	188,152	53,974
Purchased services	85,914	59,734	15,877
Supplies and materials	15,000	19,160	11,586
Capital outlay	-	19,120	15,960
Total Expenditures	<u>286,166</u>	<u>286,166</u>	<u>97,397</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 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>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2013, through August 31, 2014; only part of the grant was received and expended in the current fiscal year.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
EARLY CHILDHOOD BLOCK GRANT (15-3705-01)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 286,166	\$ 246,179	\$ 196,887
Total Revenue	<u>286,166</u>	<u>246,179</u>	<u>196,887</u>
<b>EXPENDITURES</b>			
Salaries and benefits	215,105	194,118	135,082
Pension expense	-	-	17,658
Purchased services	63,861	40,461	39,602
Supplies and materials	7,200	11,600	11,006
Total Expenditures	<u>286,166</u>	<u>246,179</u>	<u>203,348</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>(6,461)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer in	-	-	6,461
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>6,461</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	-
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
FAMILY VIOLENCE  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Local	\$ -	\$ -	\$ 50
State	17,000	17,000	7,581
Federal	-	-	8,350
Total Revenue	<u>17,000</u>	<u>17,000</u>	<u>15,981</u>
<b>EXPENDITURES</b>			
Salaries and benefits	14,210	14,210	11,712
Purchased services	2,250	2,250	4,173
Supplies and materials	540	540	96
Total Expenditures	<u>17,000</u>	<u>17,000</u>	<u>15,981</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE (DEFICIT) - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>1,309</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 1,309</u></u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN (14-4920-00)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 207,010	\$ 217,020	\$ 6,366
Total Revenue	<u>207,010</u>	<u>217,020</u>	<u>6,366</u>
<b>EXPENDITURES</b>			
Salaries and benefits	42,760	42,760	3,019
Purchased services	8,305	7,995	2,295
Supplies and materials	680	1,000	1,052
Payments to other governments	155,265	165,265	-
Total Expenditures	<u>207,010</u>	<u>217,020</u>	<u>6,366</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE (DEFICIT) - BEGINNING	 -	 -	 -
 FUND BALANCE (DEFICIT) - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2013, through September 30, 2014; only part of the grant was received and expended in the current fiscal year.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN (15-4920-00)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Local	\$ -	\$ -	\$ 3,281
Federal sources	207,020	223,729	260,868
Total Revenue	<u>207,020</u>	<u>223,729</u>	<u>264,149</u>
<b>EXPENDITURES</b>			
Salaries and benefits	33,794	42,079	31,010
Pension expense	-	-	13,675
Purchased services	10,295	10,285	5,272
Supplies and materials	5,700	5,100	802
Capital outlay	1,966	-	1,618
Payments to other governments	155,265	166,265	159,959
Total Expenditures	<u>207,020</u>	<u>223,729</u>	<u>212,336</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 51,813
 FUND BALANCE (DEFICIT) - BEGINNING	 -	 -	 (51,813)
 FUND BALANCE (DEFICIT) - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
REGIONAL SAFE SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 45,140	\$ 44,124	\$ 44,124
Total Revenue	<u>45,140</u>	<u>44,124</u>	<u>44,124</u>
<b>EXPENDITURES</b>			
Salaries and benefits	44,594	43,578	61,015
Pension expense	-	-	244
Purchased services	546	546	951
Total Expenditures	<u>45,140</u>	<u>44,124</u>	<u>62,210</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>(18,086)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer in	-	-	18,086
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>18,086</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	-
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE I - FOUNDATIONAL SERVICES  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 29,340	\$ 50,000	\$ 32,725
Total Revenue	<u>29,340</u>	<u>50,000</u>	<u>32,725</u>
<b>EXPENDITURES</b>			
Salaries and benefits	1,250	1,250	-
Purchased services	27,460	47,502	30,636
Supplies and materials	630	1,248	2,089
Total Expenditures	<u>29,340</u>	<u>50,000</u>	<u>32,725</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 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>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE II - TEACHER LEADERSHIP (14-4935)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 1,575	\$ 1,575	\$ 75
Total Revenue	<u>1,575</u>	<u>1,575</u>	<u>75</u>
<b>EXPENDITURES</b>			
Purchased services	1,500	1,500	75
Supplies and materials	75	75	-
Total Expenditures	<u>1,575</u>	<u>1,575</u>	<u>75</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE (DEFICIT) - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from November 5, 2013, through August 31, 2014; only part of the grant was received and expended in the current fiscal year.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE II - TEACHER LEADERSHIP (15-4935)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 1,396	\$ 1,396	\$ 1,396
Total Revenue	<u>1,396</u>	<u>1,396</u>	<u>1,396</u>
EXPENDITURES			
Purchased services	1,396	1,396	1,396
Total Expenditures	<u>1,396</u>	<u>1,396</u>	<u>1,396</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE II - TEACHER QUALITY  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 706	\$ 805	\$ 743
Total Revenue	<u>706</u>	<u>805</u>	<u>743</u>
EXPENDITURES			
Purchased services	606	705	683
Supplies and materials	100	100	60
Total Expenditures	<u>706</u>	<u>805</u>	<u>743</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE OPTIONAL EDUCATION (14-3695-13)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 93,842	\$ 93,842	\$ 1,335
Total Revenue	<u>93,842</u>	<u>93,842</u>	<u>1,335</u>
<b>EXPENDITURES</b>			
Salaries and benefits	92,132	92,132	1,335
Purchased services	1,710	1,710	-
Total Expenditures	<u>93,842</u>	<u>93,842</u>	<u>1,335</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 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>

Revenues and expenditures are less than budgeted amounts because only part of the grant, which was obligated in the prior year, was received and expended in the current fiscal year.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE OPTIONAL EDUCATION (15-3695-13)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Local	\$ -	\$ -	\$ 2,625
State sources	93,842	91,731	91,797
Total Revenue	<u>93,842</u>	<u>91,731</u>	<u>94,422</u>
<b>EXPENDITURES</b>			
Salaries and benefits	92,132	90,021	90,825
Pension expense	-	-	5,273
Purchased services	1,710	1,710	2,480
Total Expenditures	<u>93,842</u>	<u>91,731</u>	<u>98,578</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>(4,156)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer in	-	-	4,156
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,156</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	-
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING (14-3695-14)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 202,850	\$ 202,850	\$ 84,168
Total Revenue	<u>202,850</u>	<u>202,850</u>	<u>84,168</u>
<b>EXPENDITURES</b>			
Salaries and benefits	110,232	110,232	7,551
Purchased services	92,118	92,118	76,617
Supplies and materials	500	500	-
Total Expenditures	<u>202,850</u>	<u>202,850</u>	<u>84,168</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 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>

Revenues and expenditures are less than budgeted amounts because the grant ran from September 1, 2013, through August 31, 2014; only part of the grant was received and expended in the current fiscal year.



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING (15-3695-PD)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 202,850	\$ 198,286	\$ 115,903
Total Revenue	<u>202,850</u>	<u>198,286</u>	<u>115,903</u>
<b>EXPENDITURES</b>			
Salaries and benefits	100,881	100,881	84,699
Pension expense	-	-	9,350
Purchased services	101,469	96,905	20,847
Supplies and materials	500	500	1,007
Total Expenditures	<u>202,850</u>	<u>198,286</u>	<u>115,903</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from August 19, 2014, through August 31, 2015; only part of the grant was received and expended in the current fiscal year.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
WC4 (ROE/ISC OPERATIONS)  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 53,225	\$ 53,225	\$ 51,244
Total Revenue	<u>53,225</u>	<u>53,225</u>	<u>51,244</u>
<b>EXPENDITURES</b>			
Salaries and benefits	41,725	41,725	40,029
Purchased services	11,500	11,500	11,215
Total Expenditures	<u>53,225</u>	<u>53,225</u>	<u>51,244</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 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>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Institute</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 6,566	\$ 48,434	\$ 55,000
Accounts receivable	-	1,126	-	1,126
Due from other governments - Local	9	48	-	57
<b>TOTAL ASSETS</b>	<u>\$ 9</u>	<u>\$ 7,740</u>	<u>\$ 48,434</u>	<u>\$ 56,183</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 645	\$ -	\$ -	\$ 645
Total Liabilities	<u>645</u>	<u>-</u>	<u>-</u>	<u>645</u>
<b>FUND BALANCE (DEFICIT)</b>				
Restricted	-	7,740	48,434	56,174
Unassigned	<u>(636)</u>	<u>-</u>	<u>-</u>	<u>(636)</u>
Total Fund Balance (Deficit)	<u>(636)</u>	<u>7,740</u>	<u>48,434</u>	<u>55,538</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 9</u>	<u>\$ 7,740</u>	<u>\$ 48,434</u>	<u>\$ 56,183</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	General Education Development	Bus Driver Training	Institute	TOTALS
REVENUES				
Local sources	\$ 361	\$ 1,824	\$ 20,925	\$ 23,110
State sources	-	764	-	764
Total Revenues	<u>361</u>	<u>2,588</u>	<u>20,925</u>	<u>23,874</u>
EXPENDITURES				
Salaries and benefits	-	-	5,480	5,480
Pension expense	-	-	635	635
Purchased services	42	2,054	3,020	5,116
Supplies and materials	-	-	77	77
Total Expenditures	<u>42</u>	<u>2,054</u>	<u>9,212</u>	<u>11,308</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>319</u>	<u>534</u>	<u>11,713</u>	<u>12,566</u>
OTHER FINANCING SOURCES				
Interest	-	-	5	5
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
NET CHANGE IN FUND BALANCE	319	534	11,718	12,571
FUND BALANCE (DEFICIT) - BEGINNING	<u>(955)</u>	<u>7,206</u>	<u>36,716</u>	<u>42,967</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (636)</u>	<u>\$ 7,740</u>	<u>\$ 48,434</u>	<u>\$ 55,538</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		TOTALS
	Workshop Fund	Fingerprinting Fund	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 394	\$ 44,792	\$ 45,186
Accounts receivable	-	180	180
Total current assets	<u>394</u>	<u>44,972</u>	<u>45,366</u>
Noncurrent assets:			
Capital assets, being depreciated, net	653	525	1,178
<b>TOTAL ASSETS</b>	<u>1,047</u>	<u>45,497</u>	<u>46,544</u>
<b>LIABILITIES</b>			
Accounts payable	-	2,062	2,062
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>2,062</u>	<u>2,062</u>
<b>NET POSITION</b>			
Invested in capital assets	653	525	1,178
Unrestricted	394	42,910	43,304
<b>TOTAL NET POSITION</b>	<u>\$ 1,047</u>	<u>\$ 43,435</u>	<u>\$ 44,482</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities Enterprise Funds		TOTALS
	Workshop Fund	Fingerprinting Fund	
OPERATING REVENUES			
Fees for services	\$ -	\$ 47,872	\$ 47,872
Total Operating Revenues	<u>-</u>	<u>47,872</u>	<u>47,872</u>
OPERATING EXPENSES			
Purchased services	-	33,354	33,354
Depreciation	533	2,073	2,606
Total Operating Expenses	<u>533</u>	<u>35,427</u>	<u>35,960</u>
OPERATING INCOME (LOSS)	(533)	12,445	11,912
TOTAL NET POSITION - BEGINNING	<u>1,580</u>	<u>30,990</u>	<u>32,570</u>
TOTAL NET POSITION - ENDING	<u>\$ 1,047</u>	<u>\$ 43,435</u>	<u>\$ 44,482</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Workshop Fund	Fingerprinting Fund	TOTALS
Cash Flows from Operating Activities:			
Receipts from customers	\$ -	\$ 53,904	\$ 53,904
Payments to suppliers and providers of goods and services	-	(33,308)	(33,308)
Net Cash Provided by (Used for) Operating Activities	-	20,596	20,596
Net Increase (Decrease) in Cash and Cash Equivalents	-	20,596	20,596
Cash and cash equivalents - Beginning	394	24,196	24,590
Cash and cash equivalents - Ending	\$ 394	\$ 44,792	\$ 45,186
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (533)	\$ 12,445	\$ 11,912
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	533	2,073	2,606
(Increase)/decrease in assets:			
Decrease in accounts receivable	-	6,032	6,032
Increase/(decrease) in liabilities:			
Increase in accounts payable	-	46	46
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ 20,596	\$ 20,596

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2015

	Administrators Roundtable	Area III Superintendents	Hancock County Principals	Regional Board of School Trustees
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,333	\$ 7,713	\$ 3,721	\$ 1,773
Due from other governments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 11,333</b>	<b>\$ 7,713</b>	<b>\$ 3,721</b>	<b>\$ 1,773</b>
<b>LIABILITIES</b>				
Due to other governments	\$ 11,333	\$ 7,713	\$ 3,721	\$ 1,773
<b>TOTAL LIABILITIES</b>	<b>\$ 11,333</b>	<b>\$ 7,713</b>	<b>\$ 3,721</b>	<b>\$ 1,773</b>



HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2015

	Western Area Career System	Distributive Fund	TOTALS
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 243	\$ 24,783
Due from other governments	8	1,323,302	1,323,310
<b>TOTAL ASSETS</b>	<b>\$ 8</b>	<b>\$ 1,323,545</b>	<b>\$ 1,348,093</b>
 <b>LIABILITIES</b>			
Due to other governments	\$ 8	\$ 1,323,545	\$ 1,348,093
<b>TOTAL LIABILITIES</b>	<b>\$ 8</b>	<b>\$ 1,323,545</b>	<b>\$ 1,348,093</b>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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>ADMINISTRATORS ROUNDTABLE</u>				
ASSETS				
Cash and cash equivalents	\$ 9,753	\$ 5,620	\$ 4,040	\$ 11,333
Total Assets	<u>\$ 9,753</u>	<u>\$ 5,620</u>	<u>\$ 4,040</u>	<u>\$ 11,333</u>
LIABILITIES				
Due to other governments	\$ 9,753	\$ 5,620	\$ 4,040	\$ 11,333
Total Liabilities	<u>\$ 9,753</u>	<u>\$ 5,620</u>	<u>\$ 4,040</u>	<u>\$ 11,333</u>
 <u>AREA III SUPERINTENDENTS</u>				
ASSETS				
Cash and cash equivalents	\$ 7,721	\$ 2,942	\$ 2,950	\$ 7,713
Total Assets	<u>\$ 7,721</u>	<u>\$ 2,942</u>	<u>\$ 2,950</u>	<u>\$ 7,713</u>
LIABILITIES				
Due to other governments	\$ 7,721	\$ 2,942	\$ 2,950	\$ 7,713
Total Liabilities	<u>\$ 7,721</u>	<u>\$ 2,942</u>	<u>\$ 2,950</u>	<u>\$ 7,713</u>
 <u>HANCOCK COUNTY PRINCIPALS</u>				
ASSETS				
Cash and cash equivalents	\$ 4,449	\$ 1,284	\$ 2,012	\$ 3,721
Total Assets	<u>\$ 4,449</u>	<u>\$ 1,284</u>	<u>\$ 2,012</u>	<u>\$ 3,721</u>
LIABILITIES				
Due to other governments	\$ 4,449	\$ 1,284	\$ 2,012	\$ 3,721
Total Liabilities	<u>\$ 4,449</u>	<u>\$ 1,284</u>	<u>\$ 2,012</u>	<u>\$ 3,721</u>
 <u>REGIONAL BOARD OF SCHOOL TRUSTEES</u>				
ASSETS				
Cash and cash equivalents	\$ 1,773	\$ 791	\$ 791	\$ 1,773
Total Assets	<u>\$ 1,773</u>	<u>\$ 791</u>	<u>\$ 791</u>	<u>\$ 1,773</u>
LIABILITIES				
Due to other governments	\$ 1,773	\$ 791	\$ 791	\$ 1,773
Total Liabilities	<u>\$ 1,773</u>	<u>\$ 791</u>	<u>\$ 791</u>	<u>\$ 1,773</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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>WESTERN AREA CAREER SYSTEM</u>				
<b>ASSETS</b>				
Due from other governments	\$ 1,276	\$ -	\$ 1,268	\$ 8
Total Assets	<u>\$ 1,276</u>	<u>\$ -</u>	<u>\$ 1,268</u>	<u>\$ 8</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 1,276	\$ -	\$ 1,268	\$ 8
Total Liabilities	<u>\$ 1,276</u>	<u>\$ -</u>	<u>\$ 1,268</u>	<u>\$ 8</u>
 <u>DISTRIBUTIVE FUND</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 139,855	\$ 5,400,254	\$ 5,539,866	\$ 243
Due from other governments	1,263,056	1,323,302	1,263,056	1,323,302
Total Assets	<u>\$ 1,402,911</u>	<u>\$ 6,723,556</u>	<u>\$ 6,802,922</u>	<u>\$ 1,323,545</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 1,402,911	\$ 6,723,556	\$ 6,802,922	\$ 1,323,545
Total Liabilities	<u>\$ 1,402,911</u>	<u>\$ 6,723,556</u>	<u>\$ 6,802,922</u>	<u>\$ 1,323,545</u>
 <u>TOTAL ALL AGENCY FUNDS</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 163,551	\$ 5,410,891	\$ 5,549,659	\$ 24,783
Due from other governments	1,264,332	1,323,302	1,264,324	1,323,310
Total Assets	<u>\$ 1,427,883</u>	<u>\$ 6,734,193</u>	<u>\$ 6,813,983</u>	<u>\$ 1,348,093</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 1,427,883	\$ 6,734,193	\$ 6,813,983	\$ 1,348,093
Total Liabilities	<u>\$ 1,427,883</u>	<u>\$ 6,734,193</u>	<u>\$ 6,813,983</u>	<u>\$ 1,348,093</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF DISBURSEMENTS TO OTHER ENTITIES  
DISTRIBUTIVE FUND  
FOR THE YEAR ENDED JUNE 30, 2015

DISTRIBUTIONS	Acct. No.	Western Area Career System	West Central Illinois Special Ed	Regional Office of Education #26	TOTAL
<b>State Funds</b>					
General State Aid - Sec. 18-8	3001	\$ -	\$ -	\$ 161,673	\$ 161,673
Sp. Ed. - Personnel	3110	-	720,963	-	720,963
Career & Technical Ed Improvement (CTEI)	3220	446,295	-	-	446,295
State Free Lunch & Breakfast	3360	-	525	66	591
ROE School Bus Driver Training	3520	-	-	764	764
Truants Alternative/Optional Ed.	3695	-	-	290,017	290,017
Regional Safe Schools	3696	-	-	44,124	44,124
Early Childhood - Block Grant	3705	-	-	621,079	621,079
ROE/ISC Operations	3730	-	-	53,225	53,225
<b>Total State Funds</b>		<u>446,295</u>	<u>721,488</u>	<u>1,170,948</u>	<u>2,338,731</u>
<b>Federal Funds</b>					
National School Lunch Program	4210	-	24,779	5,072	29,851
School Breakfast Program	4220	-	13,386	809	14,195
Fed. - Sp. Ed. - Pre-School Flow Through	4600	-	128,590	-	128,590
Fed. - Sp. Ed. - I.D.E.A. Flow Through	4620	-	2,681,271	-	2,681,271
CTE-Perkins Secondary	4745	124,719	-	-	124,719
McKinney Education for Homeless Children	4920	-	-	220,370	220,370
Title II - Teacher Quality	4932	-	-	743	743
Title II - Teacher Quality - Leadership	4935	-	-	1,396	1,396
<b>Total Federal Funds</b>		<u>124,719</u>	<u>2,848,026</u>	<u>228,390</u>	<u>3,201,135</u>
<b>TOTAL DISTRIBUTIONS</b>		<u>\$ 571,014</u>	<u>\$ 3,569,514</u>	<u>\$ 1,399,338</u>	<u>\$ 5,539,866</u>