

**STATE OF ILLINOIS
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
FINANCIAL AUDIT
For the Year Ended June 30, 2013**

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

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**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
OFFICIALS**

Regional Superintendent
(Current and during the Audit Period)

Mr. Larry D. Pfeiffer

Assistant Regional Superintendent
(During the Audit Period July 1, 2012 – November 30, 2012)

Ms. Gayle Early

Assistant Regional Superintendent
(During the Audit Period December 1, 2012 – April 30, 2013)

Ms. Marilyn Swearingin

Assistant Regional Superintendent
(During the Audit Period May 1, 2013 – June 30, 2013)

Mr. James Whiteside

Assistant Regional Superintendent
(July 1, 2013 – Current)

Mr. Chad Hoesman

Offices are located at:

225 E. Nicholas Street
Carlinville, IL 62626

303 W. Exchange Street
Jerseyville, IL 62052

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
FINANCIAL REPORT SUMMARY**

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	3
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	1	0

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>Findings (Government Auditing Standards)</i>			
2013-001	11a-11b	Controls Over Financial Statement Preparation	Material Weakness
2013-002	11c	Ineffective Internal Control Procedures	Material Weakness
<i>Prior Audit Findings not Repeated (Government Auditing Standards)</i>			
12-03		Inadequate Monitoring of Collateral on Deposits	Noncompliance Material Weakness

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
FINANCIAL REPORT SUMMARY – (CONCLUDED)**

EXIT CONFERENCE

An informal exit conference was held with Agency personnel on November 8, 2013 to review the findings and recommendations. Attending were Larry Pfeiffer, Regional Superintendent; Marilyn Rogers, Bookkeeper; Melissa Loftus, Administrative Assistant; Kimberly Walker, CPA, Partner, Kemper CPA Group LLP; and Kara Bevis, CPA, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by Larry Pfeiffer, Regional Superintendent, on May 8, 2014.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40, as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 14a through 14g and 47 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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relates 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 and individual nonmajor fund financial statements and budgetary comparison schedules 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 06, 2014 on our consideration of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's internal control over financial reporting and compliance.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois

June 06, 2014

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 STANDARD

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's basic financial statements and have issued our report thereon dated June 06, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's internal control. Accordingly, we do not express an opinion on the effectiveness of Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2013-001 and 2013-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Regional Office of Education #40's Responses to Findings

Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40'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 the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois

June 06, 2014

SCHEDULE OF FINDINGS AND RESPONSES

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITORS' RESULTS
For the Year Ended June 30, 2013**

Financial Statements

Type of auditors' report issued:	<i>unmodified</i>
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2013

FINDING NO. 2013-001 – Controls Over Financial Statement Preparation (Repeat from Findings 12-01, 11-01, 10-01, 09-01, 08-01, and 07-04)

Criteria/specific requirement:

The Calhoun, Green, Jersey and Macoupin Counties Regional Office of Education #40 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education #40's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

Condition:

The Regional Office of Education #40 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #40 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 #40 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #40's financial information prepared by the Regional Office of Education #40, the following were noted:

- 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 some accounts payable, accounts receivable, and unearned revenue, not all entries were provided to reconcile the Regional Office of Education #40's grant activity, such as posting grant receivables and unearned revenue.
- Several prior year proposed audit entries were either not correctly recorded or not correctly reversed, as necessary.
- Several adjustments were necessary to properly balance interfund receivables and payables and interfund transfers.
- An adjustment was necessary to net reimbursements against the related expenditures.
- An entry was made to transfer activity associated with the Math and Science grant out of a Proprietary Fund and into a separate Education Fund account.
- Two funds, which were previously recognized as Nonmajor Special Revenue accounts, were reclassified to Fiduciary Funds.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2013

FINDING NO. 2013-001 – Controls Over Financial Statement Preparation (Repeat from Findings 12-01, 11-01, 10-01, 09-01, 08-01, and 07-04) (Concluded)

Effect:

The Regional Office of Education #40 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 Regional Office of Education #40 management, they do not have adequate funding to hire a certified public accountant or other financial professionals with the appropriate training and expertise as full-time staff.

Recommendation:

As part of internal control over the preparation of financial statements, the Regional Office of Education #40 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #40's activities and operations.

Management's Response:

At this time the Regional Office of Education #40 cannot afford to hire an accountant to assist with financial statement preparation; however, fiscal personnel of the Regional Office will strive to do their best to prepare the financial statements in accordance with GAAP.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2013

FINDING NO. 2013-002 – Ineffective Internal Control Procedures (Repeat from Finding 12-02 and 11-02)

Criteria/specific requirement:

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

Condition:

We noted the following deficiencies in the design and implementation of the Regional Office of Education's internal control system:

- A. There is no clear, written policy regarding proper authorization for payment approval.
- B. Not all credit card request forms are approved by an individual other than the requestor. During our test of internal control design and implementation, we noted one (1) instance in which the individual requesting a credit card was the same individual who approved the payment request.
- C. Signed checks are returned to the check preparer.
- D. A sufficient review of the general fund bank reconciliation is not performed because the individual reviewing the form does not receive the complete reconciliation and supporting documentation. The bank reconciliations are not consistently reviewed on a monthly basis.
- E. Manual journal entries are not reviewed and approved by an individual with knowledge of the transaction.
- F. There is inconsistency in the maintenance of employee contracts. During our test of internal control operating effectiveness, we noted two (2) employee contracts, out of 40, that only had one of the required two signatures.

Effect:

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

Cause:

The Regional Office has not effectively designed and implemented adequate internal control procedures.

Recommendation:

We recommend the following:

- A. and B. A clear, written policy documenting who has authorization to approve payments should be made. We suggest that the Payment Authorization Form include separate signature lines for the requestor and the approver so these responsibilities can be clearly segregated.
- C. Signed checks should be provided to an individual independent of the check preparation process.
- D. The individual reviewing the bank reconciliation should be provided with the actual bank reconciliation and all supporting documentation, including the original bank statement with copies of canceled checks. This review should be consistently performed on a monthly basis.
- E. Manual journal entries should be reviewed and approved by an individual with knowledge of the transaction.
- F. Employee contracts, with salary information, should be obtained annually for all employees and be signed by both employee and management.

Management's Response:

The Regional Office of Education #40 agrees with the finding and will make every effort to follow established internal controls.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2013**

CORRECTIVE ACTION PLAN

FINDING NO. 2013-001 – Controls Over Financial Statement Preparation

Condition:

The Regional Office of Education #40 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #40 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 #40 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #40's financial information prepared by the Regional Office of Education #40, the following were noted:

- 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 some accounts payable, accounts receivable, and unearned revenue, not all entries were provided to reconcile the Regional Office of Education #40's grant activity, such as posting grant receivables and unearned revenue.
- Several prior year proposed audit entries were either not correctly recorded or not correctly reversed, as necessary.
- Several adjustments were necessary to properly balance interfund receivables and payables and interfund transfers.
- An adjustment was necessary to net reimbursements against the related expenditures.
- An entry was made to transfer activity associated with the Math and Science grant out of a Proprietary Fund and into a separate Education Fund account.
- Two funds, which were previously recognized as Nonmajor Special Revenue accounts, were reclassified to Fiduciary Funds.

Plan:

At this time the Regional Office of Education #40 cannot afford to hire an accountant to assist with financial statement preparation; however, fiscal personnel of the Regional Office will strive to do their best to prepare the financial statements in accordance with GAAP.

Anticipated Date of Completion:

Prior to the FY2014 audit.

Name of Contact Person:

Mr. Larry Pfeiffer, Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2013**

CORRECTIVE ACTION PLAN

FINDING NO. 2013-002 – Ineffective Internal Control Procedures

Condition:

We noted the following deficiencies in the design and implementation of the Regional Office of Education's internal control system:

- A. There is no clear, written policy regarding proper authorization for payment approval.
- B. Not all credit card request forms are approved by an individual other than the requestor. During our test of internal control design and implementation, we noted one (1) instance in which the individual requesting a credit card was the same individual who approved the payment request.
- C. Signed checks are returned to the check preparer.
- D. A sufficient review of the general fund bank reconciliation is not performed because the individual reviewing the form does not receive the complete reconciliation and supporting documentation. The bank reconciliations are not consistently reviewed on a monthly basis.
- E. Manual journal entries are not reviewed and approved by an individual with knowledge of the transaction.
- F. There is inconsistency in the maintenance of employee contracts. During our test of internal control operating effectiveness, we noted two (2) employee contracts, out of 40, that only had one of the required two signatures.

Plan:

- A. and B. A clear, written policy documenting who has authorization to approve payments will be made. The Payment Authorization Form will include separate signature lines for the requestor and the approver so these responsibilities can be clearly segregated.
- C. Signed checks will be provided to an individual independent of the check preparation process.
- D. The individual reviewing the bank reconciliation will be provided with the actual bank reconciliation and all supporting documentation, including the original bank statement with copies of canceled checks. This review will be consistently performed on a monthly basis.
- E. Manual journal entries will be reviewed and approved by an individual with knowledge of the transaction.
- F. Employee contracts, with salary information, will be obtained annually for all employees and will be signed by both employee and management.

Anticipated Date of Completion:

Prior to the FY2014 audit.

Name of Contact Person:

Mr. Larry Pfeiffer, Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2013**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
12-01	Controls Over Financial Statement Preparation	Repeated as Finding 2013-001
12-02	Ineffective Internal Control Procedures	Repeated as Finding 2013-002
12-03	Inadequate Monitoring of Collateral on Deposits	Not Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

The Regional Office of Education #40 for the Counties of Calhoun, Greene, Jersey, and Macoupin 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, 2013 with comparative information for the year ended June 30, 2012. Readers are encouraged to consider the information in conjunction with the Regional Office of Education #40's financial statements that follow.

2013 FINANCIAL HIGHLIGHTS

- Within the Governmental Funds, the General Fund revenues increased by \$21,351 from \$668,336 in FY12 to \$689,687 in FY13. General Fund expenditures increased by \$184,691 from \$656,840 in FY12 to \$841,531 in FY13. The increases in General Fund revenues and expenditures was mainly due to an increase in General State Aid and on behalf payments revenues and the related expending of those monies.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$130,743 from \$471,275 in FY12 to \$340,532 in FY13. The Special Revenue Fund expenditures decreased by \$31,312 from \$383,564 in FY12 to \$352,252 in FY13. The decrease in revenues and expenditures was due to funding cuts related to Adult Education Programs, Regional Safe Schools, Teacher and Administrators Mentoring Programs, and Truants Alternative/Optional Education (TAOEP) as well as reclassification of two special revenue funds to agency funds.

USING THIS REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education #40'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 #40 as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office of Education #40's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information about the non-major funds.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

REPORTING THE OFFICE AS A WHOLE

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #40 as a whole. The Statement of Net Position includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

The two government-wide statements report the Office's net position and how it has changed. Net position--the difference between the assets and liabilities—is one way to measure the Office's financial health or position.

-Over time, increases or decreases in the net position can be an indicator of whether the financial position is improving or deteriorating, respectively.

-To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

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

The fund financial statements provide detailed information about the Regional Office'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 #40 established other funds to control and manage money for particular purposes.

The Regional Office of Education #40 has three kinds of funds:

- 1) Governmental funds account for most of the Regional Office of Education #40's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Regional Office of Education #40's governmental funds include the General Fund and the Special Revenue Funds.

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

- 2) Proprietary funds, namely, Administrators' Academy and Workshops are used to report the same functions presented as business-type activities in the Government-wide financial statements, only in more detail.

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

REPORTING THE OFFICE AS A WHOLE (CONCLUDED)

The Statement of Net Position and the Statement of Activities (Concluded)

- 3) Fiduciary funds are used to account for assets held by the Regional Office of Education #40 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

OFFICE-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve when examined over time as one indicator of the financial position of the Regional Office of Education #40. The net position at the end of the FY13 totaled \$342,906. At the end of FY12, the net position was \$502,652. The analysis that follows provides a summary of the Office's net position at June 30, 2013 and 2012.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 304,823	\$ 471,979	\$ 18,317	\$ 2,971	\$ 323,140	\$ 474,950
Capital Assets, net	32,034	35,167	783	1,850	32,817	37,017
TOTAL ASSETS	336,857	507,146	19,100	4,821	355,957	511,967
Current Liabilities	6,828	9,236	-	79	6,828	9,315
Noncurrent Liabilities	6,223	-	-	-	6,223	-
TOTAL LIABILITIES	13,051	9,236	-	79	13,051	9,315
Net Position:						
Net Investment in						
Capital Assets	32,034	33,266	783	1,850	32,817	35,116
Restricted for						
educational purposes	63,801	78,561	-	-	63,801	78,561
Unrestricted	227,971	386,083	18,317	2,892	246,288	388,975
TOTAL NET POSITION	\$ 323,806	\$ 497,910	\$ 19,100	\$ 4,742	\$ 342,906	\$ 502,652

- Net position of the Regional Office of Education #40 decreased by \$159,746 from FY12.
- Governmental activities decreased the net position of the Regional Office of Education #40 by \$174,104.
- Business-type activities increased the net position of the Regional Office of Education #40 by \$14,358.
- A portion of net position related to the Education Fund is considered restricted for educational purposes.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

OFFICE-WIDE FINANCIAL ANALYSIS (CONCLUDED)

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 55,021	\$ -	\$ 48,522	\$ 66,550	\$ 103,543	\$ 66,550
Operating grants & contributions	285,303	315,838	-	-	285,303	315,838
General revenues:						
Local sources	155,740	270,352	-	-	155,740	270,352
State sources	177,821	207,047	-	-	177,821	207,047
On-behalf payments - State	356,334	281,997	-	-	356,334	281,997
Interest	1	477	-	-	1	477
TOTAL REVENUES	1,030,220	1,075,711	48,522	66,550	1,078,742	1,142,261
Expenses:						
Program expenses:						
Instructional services:						
Salaries and benefits	560,569	525,337	-	-	560,569	525,337
Purchased services	200,218	173,085	-	-	200,218	173,085
Supplies and materials	40,382	36,360	-	-	40,382	36,360
Payments to other governments	14,078	-	-	-	14,078	-
Other objects	1,126	4,104	-	-	1,126	4,104
Interest expense	-	-	-	-	-	-
Depreciation	12,522	12,911	-	-	12,522	12,911
Loss on disposal of capital assets	6,095	-	-	-	6,095	-
Administrative expenses:						
On-behalf payments - State	356,334	281,997	-	-	356,334	281,997
Business-type expenses:						
Instructional	-	-	37,196	79,213	37,196	79,213
TOTAL EXPENSES	1,191,324	1,033,794	37,196	79,213	1,228,520	1,113,007
Changes in Net Position before Transfers	(161,104)	41,917	11,326	(12,663)	(149,778)	29,254
Transfers	(3,032)	-	3,032	-	-	-
Changes in Net Position	(164,136)	41,917	14,358	(12,663)	(149,778)	29,254
Net Position, beginning, restated	487,942	455,993	4,742	17,405	492,684	473,398
Net Position, end of year	\$ 323,806	\$ 497,910	\$ 19,100	\$ 4,742	\$ 342,906	\$ 502,652

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION #40 FUNDS

As previously noted, the Regional Office of Education #40 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office's Governmental Funds report combined fund balances of \$297,995 for FY13, compared to \$464,644 for FY12.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

**FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION #40 FUNDS
(CONTINUED)**

Governmental Fund Highlights:

-For their fiscal year ended August 31, 2013, Macoupin County continued to support the ROE at 100% with a little over .01% increase from FY12 with the Regional Office of Education #40 continuing to pay the insurance premium for the employees.

-For their fiscal year ended November 30, 2013, Jersey County continued to support the ROE at 100% with little over a .01% decrease from FY12.

-For their fiscal year ended August 31, 2013, Calhoun County continued to support the ROE at 100% with less than a .02% decrease from FY12.

-For their fiscal year ended December 31, 2013, Greene County continued to support the ROE at 50% with a little over .01% decrease from FY12.

-Greene County still continues to only pay 50% of their budgeted amount.

The following changes occurred in governmental fund revenues:

- Local sources decreased \$59,591.
- State sources decreased \$135,330.
- Federal sources increased by \$11,192.
- On behalf payments increased from state sources \$74,337.

In total, governmental fund revenues decreased by \$109,392 and governmental fund expenditures increased by \$153,379 for FY13. The overall decrease in revenues was due to state revenues decreasing as a result of funding cuts for Regional Safe Schools, ROE/ISC Operations, TAOEP and other programs.

The State aid foundation level used to calculate the state aid received in FY13 remained at \$6,119 per student.

Proprietary Fund Highlights:

The decrease in proprietary fund revenues of \$18,028 was due to the fact that the Regional Office did not offer the College Credit workshop or any Administrators' Academy workshops during FY13. The fact that these workshops were not offered also contributed to the decrease in proprietary fund expenditures of \$42,017 as did a change in personnel and pay rates related to the workshops that were held during FY13.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

**FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION #40 FUNDS
(CONCLUDED)**

Budgetary Highlights:

The Regional Office of Education #40 did not adopt annual budgets, nor are they legally required to, for all funds under its control. The Regional Superintendent annually prepares an Office Operation Budget and submits it to the four county boards for their approval. The Macoupin County Budget and Calhoun County Budget cover a fiscal year which runs from September 1 through August 31. The Jersey County Budget runs from December 1 through November 30. The Greene County Budget runs from January 1 through December 31. Since these budgets are not based on the same operating period as the Regional Office, they are not presented.

Budgetary reports are presented for certain programs funded by the Illinois State Board of Education and the Illinois Community College Board. These budgets must be prepared and submitted to the awarding agencies for approval. Over the course of the year, the Regional Office amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and state sources or for additional services and supplies needed. Schedules showing the original budgets and final grant budget amounts compared to the Regional Office's actual financial activity are included in the supplementary information section of this report.

Capital Assets:

Capital assets of the Regional Office of Education #40 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The Regional Office of Education #40 maintains an inventory of capital assets which have been accumulated over time. For FY13, net capital assets decreased by \$4,200. Total capital outlay for FY13 was \$15,484 for governmental funds.

Long-Term Debt:

On April 25, 2008, the Regional Office of Education #40 entered into a five-year loan agreement for \$10,050 for the purpose of purchasing a copier for the office. The long term debt has been paid in full.

Economic Factors and Next Year's Budget:

At the time these financial statements were prepared and audited, the Regional Office of Education #40 was aware of several existing circumstances that could affect its financial health in the future.

- The State of Illinois Foundation level used in the calculation has remained the same at \$6,119 per student with the expectation for prorated funding.
- As in the past, we feel grants for FY14 will decrease.
- Due to problems of receiving revenues from the State and programs being cut, the ROE expects significant financial hardship for FY14.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

CONTACTING THE REGIONAL OFFICE OF EDUCATION #40'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Regional Office of Education #40's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent at the Regional Office of Education #40, 225 E. Nicholas Street, Carlinville, IL 62626.

BASIC FINANCIAL STATEMENTS

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 208,592	\$ 17,155	\$ 225,747
Internal balances	(167)	167	-
Due from other governments	95,448	995	96,443
Prepaid assets	950	-	950
Total Current Assets	<u>304,823</u>	<u>18,317</u>	<u>323,140</u>
NONCURRENT ASSETS			
Capital assets, being depreciated, net	32,034	783	32,817
Total Noncurrent Assets	<u>32,034</u>	<u>783</u>	<u>32,817</u>
TOTAL ASSETS	<u>336,857</u>	<u>19,100</u>	<u>355,957</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	6,254	-	6,254
Accrued employee benefits	574	-	574
Total Current Liabilities	<u>6,828</u>	<u>-</u>	<u>6,828</u>
NONCURRENT LIABILITIES			
IMRF net pension obligation	6,223	-	6,223
Total Noncurrent Liabilities	<u>6,223</u>	<u>-</u>	<u>6,223</u>
TOTAL LIABILITIES	<u>13,051</u>	<u>-</u>	<u>13,051</u>
NET POSITION			
Net investment in capital assets	32,034	783	32,817
Restricted for educational purposes	63,801	-	63,801
Unrestricted	227,971	18,317	246,288
TOTAL NET POSITION	<u>\$ 323,806</u>	<u>\$ 19,100</u>	<u>\$ 342,906</u>

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants	Primary Government		Total
				Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional Services						
Salaries	\$ 482,626	\$ 7,869	\$ 205,186	\$ (269,571)	\$ -	\$ (269,571)
Employee benefits	77,943	103	18,649	(59,191)	-	(59,191)
Purchased services	200,218	31,869	35,730	(132,619)	-	(132,619)
Supplies and materials	40,382	4,602	16,647	(19,133)	-	(19,133)
Other	1,126	-	-	(1,126)	-	(1,126)
Payments to other governments	14,078	10,578	3,500	-	-	-
Depreciation	12,522	-	5,591	(6,931)	-	(6,931)
Administrative						
On-behalf payments - State	356,334	-	-	(356,334)	-	(356,334)
Total Governmental Activities	<u>1,185,229</u>	<u>55,021</u>	<u>285,303</u>	<u>(844,905)</u>	<u>-</u>	<u>(844,905)</u>
Business-type Activities						
Instructional	37,196	48,522	-	-	11,326	11,326
Total Business-type Activities	<u>37,196</u>	<u>48,522</u>	<u>-</u>	<u>-</u>	<u>11,326</u>	<u>11,326</u>
Total Primary Government	<u>\$ 1,222,425</u>	<u>\$ 103,543</u>	<u>\$ 285,303</u>	<u>(844,905)</u>	<u>11,326</u>	<u>(833,579)</u>
General Revenues and Transfers						
Local sources				155,740	-	155,740
State sources				177,821	-	177,821
On-behalf payments - State				356,334	-	356,334
Loss on disposal of capital assets				(6,095)	-	(6,095)
Interest				1	-	1
Transfers				(3,032)	3,032	-
Total General Revenues and Transfers				<u>680,769</u>	<u>3,032</u>	<u>683,801</u>
Change in net position				(164,136)	14,358	(149,778)
Net Position - beginning (restated, see Note 14)				<u>487,942</u>	<u>4,742</u>	<u>492,684</u>
Net Position - ending				<u>\$ 323,806</u>	<u>\$ 19,100</u>	<u>\$ 342,906</u>

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 138,851	\$ 6,030	\$ 50,061	\$ 13,650	\$ -	\$ 208,592
Due from other funds	44,882	-	-	-	(44,882)	-
Due from other governments	69,171	25,347	-	930	-	95,448
Prepaid assets	950	-	-	-	-	950
TOTAL ASSETS	<u>\$ 253,854</u>	<u>\$ 31,377</u>	<u>\$ 50,061</u>	<u>\$ 14,580</u>	<u>\$ (44,882)</u>	<u>\$ 304,990</u>
LIABILITIES						
Accounts payable	\$ 1,093	\$ 3,637	\$ -	\$ 1,524	\$ -	\$ 6,254
Accrued employee benefits	574	-	-	-	-	574
Due to other funds	21,926	23,123	-	-	(44,882)	167
Total liabilities	<u>23,593</u>	<u>26,760</u>	<u>-</u>	<u>1,524</u>	<u>(44,882)</u>	<u>6,995</u>
FUND BALANCES						
Nonspendable	950	-	-	-	-	950
Restricted	-	4,617	50,061	9,123	-	63,801
Committed	-	-	-	3,933	-	3,933
Assigned	14,261	-	-	-	-	14,261
Unassigned	215,050	-	-	-	-	215,050
Total Fund Balances	<u>230,261</u>	<u>4,617</u>	<u>50,061</u>	<u>13,056</u>	<u>-</u>	<u>297,995</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 253,854</u>	<u>\$ 31,377</u>	<u>\$ 50,061</u>	<u>\$ 14,580</u>	<u>\$ (44,882)</u>	<u>\$ 304,990</u>

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2013

Total fund balances - governmental funds	\$	297,995
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$215,984		32,034
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
IMRF net pension obligation		(6,223)
Net position of governmental activities	\$	323,806

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	General Fund	Education Fund	Institute Fund	Non-Major Special-Revenue Funds	Eliminations	Total Governmental Funds
REVENUES						
Local sources	\$ 155,532	\$ 208	\$ 22,517	\$ 32,504	\$ -	\$ 210,761
State sources	177,821	248,722	-	873	-	427,416
State sources - on-behalf payments	356,334	-	-	-	-	356,334
Federal sources	-	35,708	-	-	-	35,708
Total revenues	<u>689,687</u>	<u>284,638</u>	<u>22,517</u>	<u>33,377</u>	<u>-</u>	<u>1,030,219</u>
EXPENDITURES						
Instructional services						
Salaries	261,897	205,155	-	15,574	-	482,626
Employee benefits	62,704	18,726	-	204	-	81,634
Purchased services	135,505	35,877	7,572	21,264	-	200,218
Supplies and materials	18,715	16,716	499	6,353	-	42,283
Other	1,126	-	-	-	-	1,126
Payments to other governmental units	-	3,500	10,578	-	-	14,078
On-behalf payments	356,334	-	-	-	-	356,334
Capital outlay	5,250	6,209	-	4,025	-	15,484
Total expenditures	<u>841,531</u>	<u>286,183</u>	<u>18,649</u>	<u>47,420</u>	<u>-</u>	<u>1,193,783</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(151,844)</u>	<u>(1,545)</u>	<u>3,868</u>	<u>(14,043)</u>	<u>-</u>	<u>(163,564)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	18	-	-	(18)	-
Transfers out	(18)	(3,032)	-	-	18	(3,032)
Interest	-	1	-	-	-	1
Total other financing sources (uses)	<u>(18)</u>	<u>(3,013)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,031)</u>
Net change in fund balances	(151,862)	(4,558)	3,868	(14,043)	-	(166,595)
FUND BALANCES, BEGINNING OF YEAR	382,123	9,175	46,193	27,153	-	464,644
PRIOR PERIOD ADJUSTMENT	-	-	-	(54)	-	(54)
FUND BALANCES, BEGINNING OF YEAR (RESTATED, SEE NOTE 14)	<u>382,123</u>	<u>9,175</u>	<u>46,193</u>	<u>27,099</u>	<u>-</u>	<u>464,590</u>
FUND BALANCES, END OF YEAR	<u>\$ 230,261</u>	<u>\$ 4,617</u>	<u>\$ 50,061</u>	<u>\$ 13,056</u>	<u>\$ -</u>	<u>\$ 297,995</u>

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
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, 2013

Net change in fund balances \$ (166,595)

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

Governmental funds report capital outlays as expenditures and proceeds from disposals as revenue. However, in the Statement of Activities the cost of those assets, which meet capitalization requirements, is allocated over their estimated useful lives and reported as depreciation expense and gains and losses are reported on disposals.

Capital outlay	\$ 15,484	
Loss on disposal of capital assets	(6,095)	
Depreciation expense	<u>(12,522)</u>	(3,133)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

1,901

Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

IMRF net pension expense		(6,223)
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The payment of net pension obligation consumes current financial resources from governmental funds. However, it has no effect on net position. This amount is the effect of current year payments to reduce the net pension obligation.

9,914

Change in net position of governmental activities	<u><u>\$ (164,136)</u></u>
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The notes to the financial statements are an integral part of this statement.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Business-Type Activities Enterprise Funds		Total
	Workshops	Nonmajor Administrators' Academy	
Assets			
Current Assets			
Cash and cash equivalents	\$ 17,155	\$ -	\$ 17,155
Due from other funds	700	-	700
Due from other governments	995	-	995
Total current assets	<u>18,850</u>	<u>-</u>	<u>18,850</u>
Noncurrent Assets			
Capital assets, net of accumulated depreciation	783	-	783
Total noncurrent assets	<u>783</u>	<u>-</u>	<u>783</u>
Total assets	<u>19,633</u>	<u>-</u>	<u>19,633</u>
Liabilities			
Current Liabilities			
Due to other funds	-	533	533
Total current liabilities	<u>-</u>	<u>533</u>	<u>533</u>
Net Position			
Net investment in capital assets	783	-	783
Unrestricted	18,850	(533)	18,317
Total net position	<u>\$ 19,633</u>	<u>\$ (533)</u>	<u>\$ 19,100</u>

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Business-Type Activities Enterprise Funds		Total
	Workshops	Nonmajor Administrators' Academy	
Operating Revenues			
Charge for Services	\$ 48,522	\$ -	\$ 48,522
Operating Expenses			
Salaries	7,700	-	7,700
Employee benefits	112	-	112
Purchased services	24,150	-	24,150
Supplies and materials	4,167	-	4,167
Depreciation	1,067	-	1,067
Total operating expenses	37,196	-	37,196
Operating Income (Loss)	11,326	-	11,326
Nonoperating Revenues (Expenses)			
Transfers in	3,032	-	3,032
Total Nonoperating Revenues (Expenses)	3,032	-	3,032
Change in net position	14,358	-	14,358
Net Position, Beginning of year	5,275	(533)	4,742
Net Position, End of year	\$ 19,633	\$ (533)	\$ 19,100

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Business-type Activities Enterprise Funds		Total
		Nonmajor Administrators'	
	Workshops	Academy	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 47,527	\$ -	\$ 47,527
Payments to suppliers and providers for goods and services	(28,396)	-	(28,396)
Payments to employees	(7,812)	-	(7,812)
Net cash provided by (used for) operating activities	11,319	-	11,319
Cash Flows from Noncapital Financing Activities:			
Cash transfers from other funds	3,032	-	3,032
Interfund loans received (made)	(700)	533	(167)
Repayment of interfund loans	-	(533)	(533)
Net cash provided by (used for) noncapital financing activities	2,332	-	2,332
Net increase (decrease) in cash and cash equivalents	13,651	-	13,651
Cash and cash equivalents - Beginning of year	3,504	-	3,504
Cash and cash equivalents - End of year	\$ 17,155	\$ -	\$ 17,155
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 11,326	\$ -	\$ 11,326
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,067	-	1,067
Change in assets and liabilities:			
(Increase)/decrease in due from other governments	(995)	-	(995)
Increase/(decrease) in accounts payable	(79)	-	(79)
Net cash provided by (used for) operating activities	\$ 11,319	\$ -	\$ 11,319

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 63,586
Due from other governments	6,204
	69,790
TOTAL ASSETS	\$ 69,790
LIABILITIES	
Due to other governments	\$ 68,872
Due to others	918
	69,790
TOTAL LIABILITIES	\$ 69,790

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

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #40 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2013, the Regional Office of Education #40 implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Regional Office of Education #40 implemented these standards during the current year; however, GASB Statement No. 60 and GASB Statement No. 61 had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflow of resources.

A. Date of Management's Review

Management has evaluated subsequent events through June 06, 2014, 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; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers' meetings and assist in their management; to evaluate the schools in the region; to examine evidence of indebtedness; to file and keep the returns of elections required to be returned to the Regional Superintendent's office; and to file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #40's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Concluded)

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

For the period ended June 30, 2013, the Regional Office of Education #40 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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40. Such activities are reported as a single major fund (Education Fund).

C. Scope of Reporting Entity

The Regional Office of Education #40's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #40 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #40 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #40 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #40 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #40 being considered a component unit of the entity.

D. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #40's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #40 also has business-type activities that rely on fees and charges for support.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements (Concluded)

The Regional Office of Education #40's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #40 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #40's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services, and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and 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 sources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. 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 those 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 shortfalls in cash flow within grant programs and funds.

E. Proprietary Fund Financial Statements

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

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

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Proprietary Fund Financial Statement (Concluded)

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

F. 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 in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

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 and current liabilities are generally included on their balance sheets. The reported fund balance (net current position) 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 position. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Measurement Focus and Basis of Accounting (Concluded)

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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40; 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, Regional Office of Education #40 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 Regional Office of Education #40's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. Fund Accounting

The Regional Office of Education #40 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 #40 uses governmental, proprietary, and fiduciary funds.

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 and liabilities 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, liabilities, 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, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #40 has presented all major funds that met the above qualifications.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

The Regional Office of Education #40 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #40 and is used to account for all financial resources in the region except those required to be accounted for and reported in another fund. General funds include the following

Administrative Fund – This fund is the general operating fund of the Regional Office of Education #40. It is used to account for all financial resources except those required to be accounted for in another fund.

Alternative Schools Fund – This fund accounts for monies received to educate, serve, and support students, at no cost to the students, in an effort to improve the quality of life of high school dropouts. The funds are used to provide basic skills, obtain high school credit, or prepare for the GED test.

Direct Services – This fund is used for student testing and cooperative services conducted through the Regional Office of Education for the benefit of member districts.

General State Aid – This fund accounts for General State Aid grant monies received from the Illinois State Board of Education and used for the general operations of the Regional Safe Schools program.

Jerseyville Office Account – Accounts for general operations at the Jerseyville Regional Office of Education #40.

Macoupin County Monies – Monies received from Macoupin County to pay ROE expenses, such as payroll, phone, rent and office supplies.

Regional Initiative Fund – This fund is utilized for special regional initiatives with the consent and approval of the Macoupin County district superintendents.

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 – 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:

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

Adult Education - This fund accounts for monies received from the Illinois Community College Board (ICCB) for academic and vocational adult education programs including the following:

Federal Basic – This fund accounts for federal monies received from the ICCB which provide for adult basic education (GED) services for adult education clients.

Public Assistance – This fund accounts for State monies received from the ICCB for vocational training of adult education clients, including computer and certified nurse assistant classes.

State Basic – This fund accounts for State monies received from the ICCB for vocational training and can be used the same as Public Assistance funds.

State Performance – This fund accounts for State monies received from the ICCB that can be used for any purpose that supports the adult education program.

Math and Science – This fund accounts for federal monies passed through Southern Illinois University – Edwardsville (SIUE) as a fee for service and cost reimbursement for program expenditures. The Regional Office of Education #40 acts as a liaison between SIUE and the regional teachers who participate in SIUE’s math and science program.

National School Lunch – This fund accounts for federal grant monies passed through the Illinois State Board of Education (ISBE) under the National School Lunch Program to provide lunch to students enrolled in the Regional Safe Schools Program.

Other State Programs – This fund accounts for State grant monies passed through the ISBE for the Common Core State Initiative Grant Learning Standards program. This program gives small, rural districts the opportunity to create common assessments for courses at the high school level through collaborative development of teachers in the region.

Regional Safe Schools – This program provides instruction services and materials for an alternative school program for at-risk youth who are eligible for suspension or expulsion from their home school districts, creating alternative placement for those students into a safe school program.

Regional Office of Education/ Intermediate Service Centers (ROE/ISC) Operations – This fund accounts for monies received and payment of expenditures in assisting schools in all areas of school improvement.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

Title II Teacher Quality – This program accounts for the proceeds of a grant passed through the Illinois State Board of Education to improve teacher effectiveness in the classroom.

Title II Teacher Quality – Leadership Grant – This program accounts for the proceeds of a grant passed through the Illinois State Board of Education to provide training and professional development for the improvement of teacher preparation programs.

Truants Alternative/Optional Education – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education #40. It offers prevention and intervention services, which include case management, home visits, school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

Institute – Accounts for the stewardship of the assets held in trust for the benefit of teachers. The money is used to provide institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds – The Regional Office of Education #40 reports the following nonmajor special revenue funds:

Bus Driver Permit Fund – Accounts for funds received from registrations and user fees which are used to test and train bus drivers.

General Education Development Fund – Accounts for the administration of the General Education Development (GED) Testing Program with revenues from testing and diploma fees used to pay administrative expenses incurred.

Olympiad Fund – Accounts for a four-day event involving gifted students using activities designed directly applicable to the State Learning Standards. These activities are intended to challenge students to exercise higher level intellectual skills and talents.

Proprietary Funds

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #40 on a cost reimbursement basis are reported.

Major Proprietary Funds – The Regional Office of Education #40 reports the following proprietary fund as a major fund:

Workshops – This fund accounts for expenses incurred for workshops that offer either college credit or other professional development activities.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Proprietary Funds (Concluded)

Nonmajor Proprietary Funds – The Regional Office of Education #40 reports the following nonmajor proprietary fund:

Administrators' Academy – Accounts for the process by which local school administrators meet the legislated requirement for training and by which administrators may improve their skills in instructional and administrative leadership.

Fiduciary Funds

Agency Funds are used to account for assets held by the Regional Office of Education #40 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Agency funds include the following:

Grants to Encourage Arrest and Enforcement of Protective Orders (Arrest Grant Program) – This fund accounts for the assets held in trust for an agreement between the Regional Office of Education #40 and the Illinois Violence Prevention Authority (IVPA) to provide victim assistance for sexual assault, domestic violence, dating violence, and stalking. The Regional Office of Education #40 acts as fiscal agent for this program.

Birth to Three – This fund accounts for assets held in trust for an agreement between the Regional Office of Education #40 and Jersey Community Unit School District #100 to provide high-quality Prevention Initiative Parent Educators, clarify the roles and responsibilities of all Prevention Initiative personnel, and to provide guidance for the implementation of services. This program meets the needs of participating children ages zero to three and their families.

Central Illinois Rural Region Career & Technical Education System – This fund accounts for the assets held in trust for the benefit of the Central Illinois Rural Region Career & Technical Education System.

Seventh Judicial Family Violence Prevention Fund – This fund accounts for the assets held in trust for an agreement between the Regional Office of Education #40 and the IVPA to provide instruction for violence prevention in the school districts. The Regional Office of Education #40 acts as fiscal agent for this program.

Trustee Fund – To account for monies received from individuals filing petitions requesting annexation or detachment of school district boundaries hearings with the Regional Board of School Trustees. Monies are expended to cover hearing expenses.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Governmental Fund Balances

Fund balance is the difference between assets and liabilities 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, in either form or through legal restrictions. The Administrative fund has a nonspendable fund balance.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following accounts’ fund balances are restricted by Illinois Statute: Bus Driver Permit and Institute. The following accounts are restricted by grant agreements or contracts: National School Lunch and Regional Safe Schools.

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 following fund has a committed fund balance: Olympiad.

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 following fund has an assigned fund balance: Alternative Schools.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances: Administrative, Direct Services, General State Aid, Jerseyville Office Account, Macoupin County Monies, and Regional Initiative. The following nonmajor special revenue fund has an unassigned fund balance: 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.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #40 considers all liquid investments, including certificates of deposit, to be cash equivalents.

L. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than 1 year are recorded at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment and Furniture	3-10 years
Building Improvements	10-15 years

M. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

N. Compensated Absences

Employees earn vacation days after completing a full year of service. Part-time employees and individuals hired for less than a twelve month position do not accumulate paid vacation time. Vacation pay is considered an expenditure in the year it is paid. All vacation has to be used before fiscal year end, so no accrual is required.

Employees receive one sick day for each month of employment and the unused portion is accumulated and carried forward. Upon termination, employees are not compensated for any unused sick days; therefore, no accruals or reserves have been established.

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.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

P. Budget Information

The Regional Office of Education #40 acts as the administrative agent for certain grant programs that are accounted for within the General and Education Funds. These programs have separate budgets and are required to be reported to the Illinois State Board of Education and Illinois Community College Board; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the General Fund and the Special Revenue Fund do not have separate budgets.

Comparisons of budgeted and actual results for the following programs are presented as supplementary information: Adult Education – Federal Basic, Adult Education – Public Assistance, Adult Education – State Basic, Adult Education – State Performance, Other State Programs, Regional Safe Schools, ROE/ISC Operations, Title II Teacher Quality, Title II Teacher Quality – Leadership, and Truants Alternative/Optional Education.

Q. Long-Term Obligations

Long-term liabilities are reported only on the Statement of Net Position and consist of IMRF net pension obligation as discussed further in Note 3.

NOTE 2: CASH AND CASH EQUIVALENTS

The Regional Office of Education #40 does not have a formal investment policy. The Regional Office of Education #40 is allowed to invest in securities as authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7.

At June 30, 2013, the carrying amount of the Regional Office of Education #40's government-wide and fiduciary fund deposits were \$225,747 and \$63,586 respectively, and the bank balances were \$284,480 and \$73,664, respectively. At June 30, 2013, \$341,566 of the Regional Office of Education #40's cash deposits were insured by the Federal Deposit Insurance Corporation. The remaining \$16,578 was collateralized by securities pledged by the Regional Office of Education #40's financial institution in the name of the Regional Office.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #40 requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #40.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Regional Office of Education #40 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Regional Office of Education #40 is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code. The Regional Office of Education #40 has no investment policy that would further limit its investment choices. As of June 30, 2013 the Regional Office of Education #40 was in compliance with these guidelines.

NOTE 3: DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #40'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 #40's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on line at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education #40's Regular plan members are required to contribute 4.50% 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 employer contribution rate for calendar year 2012 used by the Regional Office of Education #40 was 11.69% of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 17.75%. The Regional Office of Education #40 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For calendar year ending December 31, 2012, the Regional Office of Education #40's actual contributions for pension costs for the Regular plan were \$22,817. Its required contribution for calendar year 2012 was \$34,646.

THREE YEAR TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 34,646	66%	\$ 16,637
12/31/11	23,666	79%	5,072
12/31/10	19,319	100%	-

The Regional Office of Education #40 paid additional employer contributions of \$9,914 during fiscal year 2013. The net pension obligation as of June 30, 2013 was \$6,223.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included a) 7.5% investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #40's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #40's Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 81.30% funded. The actuarial accrued liability for benefits was \$510,145 and the actuarial value of assets was \$414,733, resulting in an underfunded actuarial accrued liability (UAAL) of \$95,412. The covered payroll for 2012 (annual payroll of active employees covered by the plan) was \$195,187 and the ratio of the UAAL to the covered payroll was 49%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #40 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.

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 State of Illinois maintains primary responsibility for funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2013, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2012 and 2011.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #40's TRS-covered employees.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #40. For the year ended June 30, 2013, the State of Illinois contributions were based on 28.05% of creditable earnings not paid from federal funds, and the Regional Office of Education #40 recognized revenue and expenditures of \$122,237 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91% (\$94,848) and 23.10% (\$83,816), respectively.

The Regional Office of Education #40 makes other types of employer contributions directly to TRS:

- **2.2 formula contributions.** Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2013 were \$1,427. Contributions for the years ending June 30, 2012, and June 30, 2011, were \$1,362 and \$1,042, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #40, there is a statutory requirement for the Regional Office of Education #40 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for 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.

For the year ended June 30, 2013, the employer pension contribution was 28.05% of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91% and 23.10% of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, salaries totaling \$5,964 were paid from federal and special trust funds that required employer contributions of \$1,673. For the years ended June 30, 2012 and June 30, 2011, required Regional Office of Education #40 contributions were \$4,487 and \$7,857 respectively.

- **Early Retirement Option.** The Regional Office of Education #40 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum ERO employer contribution is 117.5% and applies when the member is age 55 at retirement.

For the year ended June 30, 2013, the Regional Office of Education #40 paid no employer contributions to TRS under the ERO program. For the years ended June 30, 2012 and June 30, 2011, the Regional Office of Education #40 paid no employer ERO contributions.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONCLUDED)

- **Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education #40 grants salary increases over 6% and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education #40 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6%.

For the year ended June 30, 2013, the Regional Office of Education #40 paid \$0 to TRS for employer contributions due on salary increases in excess of 6%. For the years ended June 30, 2012 and June 30, 2011, the Regional Office of Education #40 paid no contributions to TRS for employer contributions due on salary increases in excess of 6%.

- If the Regional Office of Education #40 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, Regional Office of Education #40 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.63% of salary during the year ended June 30, 2013).

For the year ended June 30, 2013, the Regional Office of Education #40 paid no TRS contributions for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2012 and 2011, the Regional Office of Education #40 paid no employer contributions granted for sick leave days.

Further information on TRS. TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013.

The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

NOTE 5: OTHER POST EMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

The Regional Office of Education #40 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Teacher Health Insurance Security Fund (Concluded)

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

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

- **On-behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #40. State contributions are intended to match contributions to THIS Fund from active members which were 0.92% of pay during the year ended June 30, 2013. State of Illinois contributions were \$2,263 and the Regional Office of Education #40 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2012 and June 30, 2011 were 0.88% of pay, both years. State contributions on behalf of the Regional Office of Education #40's employees were \$2,066 and \$1,581, respectively.

- **Employer contributions to THIS Fund.** The Regional Office of Education #40 also makes contributions to THIS Fund. The Regional Office of Education #40's contribution was 0.69% during the years ended June 30, 2013 and 0.66% during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the Regional Office of Education #40 paid \$1,697 to the THIS Fund. For the years ended June 30, 2012 and 2011, the Regional Office of Education #40 paid \$1,550 and \$1,185 to the THIS Fund, respectively, which was 100% 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 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

B. Egyptian Area Schools Employee Benefit Trust

Plan Description. The Regional Office of Education #40 contributes to the Egyptian Area Schools Employee Benefit Trust (the "Trust"), a cost-sharing multiple-employer defined benefit health care plan administered by the Board of Managers of the Trust. The Trust provides medical benefits to active and retired employees of approximately 180 participating employers. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. A copy of the report may be obtained by writing to the Egyptian Area Schools Employee Benefit Trust, c/o Meritain Health, 1109 Hartman Lane, Suite 202, Shiloh, IL 62221, or by calling Meritain Health at (866) 588-2431, Option 3 x 6105. The financial report is also posted on the Trust's website at www.egtrust.org.

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONCLUDED)

B. Egyptian Area Schools Employee Benefit Trust (Concluded)

Funding Policy. The Trust Agreement establishing the Trust provides that contribution rates are established and may be modified by the Board of Managers of the Trust. Contribution rates are normally adjusted as of September 1 each year. As of June 30, 2013, participating employers were contractually required to contribute at the following rates for active and retired employees and dependents.

	PLATINUM PLAN		GOLD PLAN		SILVER PLAN		BRONZE PLAN	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Employee	\$632	\$686	\$571	\$620	\$493	\$535	\$420	\$456
EE + Spouse	\$1,305	\$1,416	\$1,178	\$1,278	\$1,022	\$1,109	\$864	\$938
EE + Children	\$1,260	\$1,368	\$1,136	\$1,232	\$985	\$1,069	\$848	\$920
Family	\$1,405	\$1,524	\$1,266	\$1,374	\$1,100	\$1,194	\$933	\$1,012

Participating employers may require employees and/or retirees to pay some or all of the required contributions to the employer, but the employer has the legal obligation to pay contributions to the Trust. The Regional Office of Education #40 requires retirees to pay 100% of the contribution for the coverage for retirees and their dependents.

The Board of Managers of the Trust sets the employer contribution rates each year based on an actuarial valuation. The Trust's actuary has determined that as of June 30, 2013 the contribution rates exceed the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Regional Office of Education #40's contributions to the Trust for the years ending June 30, 2013, June 30, 2012 and June 30, 2011, were \$40,714, \$28,515 and \$24,140, respectively, which equaled the contractually required contributions each year.

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

Interfund due to / from other fund balances at June 30, 2013 consist of the following individual due to / from other funds in the governmental funds Balance Sheet and the proprietary funds Statement of Net Position. Balances of the same fund type were eliminated in the government-wide Statement of Net Position.

Fund	Due From Other Funds	Due to Other Funds
General Funds		
Administrative	\$ -	\$ 20,691
Alternative Schools Fund	13,826	-
Direct Services	6,235	-
General State Aid	1,235	-
Macoupin County Monies		1,235
Regional Initiative	23,586	-

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES (CONCLUDED)

Fund	Due From Other Funds	Due to Other Funds
Special Revenue Fund - Education Funds		
Adult Education - Public Assistance	\$ -	\$ 2,677
Adult Education - State Performance	-	1,642
Math and Science	-	700
Other State Programs	-	3,400
ROE/ISC	-	2,361
Title II Teacher Quality	-	362
Title II Teacher Quality – Leadership	-	2,835
Truants Alternative/Optional Education	-	9,146
Proprietary Funds		
Workshops	700	-
Administrators' Academy	-	533
	<u>\$ 45,582</u>	<u>\$ 45,582</u>

NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS

The Regional Office of Education #40's General Fund, Education Fund, Nonmajor Special Revenue Funds, Proprietary Fund, and Agency Fund, have funds due to and due from various other governmental units which consist of the following:

Due from Other Governments:

General Fund		
Local Governments	\$	69,171
Special Revenue Fund – Education Fund		
Illinois State Board of Education		18,104
Illinois Community College Board		6,543
Southern Illinois University – Edwardsville		700
Special Revenue Fund – Other Non-Major Funds		
Illinois State Board of Education		930
Proprietary Fund		
Local Governments		995
Fiduciary Fund – Agency Fund		
Other Local Governments		6,204
Total	<u>\$</u>	<u>102,647</u>

Due to Other Governments:

Fiduciary Fund – Agency Fund		
Other Local Governments	\$	68,872
Total	<u>\$</u>	<u>68,872</u>

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 8: CAPITAL ASSETS

Governmental Activities

Capital asset activity for fiscal year 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Funds				
Total Capital Assets	\$ 265,699	\$ 15,484	\$ 33,165	\$ 248,018
Less: Accumulated Depreciation	<u>230,532</u>	<u>12,522</u>	<u>27,070</u>	<u>215,984</u>
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 35,167</u>	<u>\$ 2,962</u>	<u>\$ 6,095</u>	<u>\$ 32,034</u>

Business-Type Activities

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Business-type Activities				
Total Capital Assets	\$ 4,600	\$ -	\$ -	\$ 4,600
Less: Accumulated Depreciation	<u>2,750</u>	<u>1,067</u>	<u>-</u>	<u>3,817</u>
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ 1,850</u>	<u>\$ (1,067)</u>	<u>\$ -</u>	<u>\$ 783</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$12,522 and \$1,067 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2013. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 9: RISK MANAGEMENT

The Regional Office of Education #40 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. Regional Office of Education #40 has purchased commercial insurance to cover these risks. During the year ended June 30, 2013, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 10: ON-BEHALF PAYMENTS

The State of Illinois pays the following salaries and benefits on behalf of Regional Office of Education #40:

Regional Superintendent Salary	\$	103,032
Regional Superintendent Fringe Benefits (Includes State paid insurance)		34,721
Assistant Regional Superintendent Salaries		92,736
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)		1,345
TRS Pension Contributions		122,237
THIS Fund Contributions		<u>2,263</u>
 Total	 \$	 <u>356,334</u>

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

These amounts have been recorded in the accompanying governmental fund financial statements as state revenue and expenditures.

NOTE 11: INTERFUND TRANSFERS

Interfund transfer in/out to other funds at June 30, 2013 consisted of the following individual transfers in/out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Alternative Schools Fund	\$ -	\$ 18
Special Revenue Fund – Education Funds		
Math and Science	-	3,032
Truants Alternative/Optional Education	18	-
Proprietary Fund		
Workshops	<u>3,032</u>	<u>-</u>
Total	<u>\$ 3,050</u>	<u>\$ 3,050</u>

NOTE 12: NOTES PAYABLE

The Regional Office of Education #40 had a note outstanding for a copy machine at June 30, 2012 in the amount of \$1,901. Debt retired during the year ended June 30, 2013 was \$1,901. The Regional Office of Education #40 had no outstanding notes at June 30, 2013.

CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 13: 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 over expend appropriations during the year are required to be disclosed.

The following funds had a deficit fund balance at June 30, 2013:

General Fund		
Administrative	\$	14,149
Proprietary Fund		
Administrators' Academy		533
Nonmajor Special Revenue Funds		
General Education Development Fund		340

NOTE 14: RESTATEMENT OF BEGINNING NET POSITION

The beginning net position on the Statement of Activities was reduced by \$9,914 related to the correction of an error. During the fiscal year ended June 30, 2013, the Regional Office of Education #40 paid additional employer contributions to IMRF to reduce a net pension obligation associated with calendar years ended December 31, 2012 and 2011; however, a net pension obligation and the associated net pension expense had not been recorded in the Statement of Net Position for the fiscal years ended June 30, 2012 and 2011. As such, an adjustment to beginning net position was made to recognize the effect of net pension expense not recorded in prior periods.

An additional \$54 reduction was made to beginning net position on the Statement of Activities. This adjustment resulted from a reclassification of beginning fund balances for the Seventh Judicial Family Violence Prevention Fund and the Trustee Fund, both previously reported as Nonmajor Special Revenue Funds, to the Fiduciary Fund. The Regional Office of Education #40 determined that these funds had previously been misclassified as Regional Office of Education #40 monies and would be more appropriately classified as agency funds. The Seventh Judicial Violence Prevention Fund and Trustee Fund are used to account for assets held by the Regional Office of Education #40 as a fiscal agent for the IVPA and Regional Board of School Trustees, respectively, which have the administrative authority to determine how the funds should be spent.

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

**CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
June 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$414,733	\$510,145	\$95,412	81.30%	\$195,187	48.88%
12/31/11	451,825	495,570	43,745	91.17%	174,918	25.01%
12/31/10	393,904	541,020	147,116	72.81%	199,990	73.56%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$434,615. On a market basis, the funded ratio would be 85.19%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education #40. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

OTHER SUPPLEMENTAL INFORMATION

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2013

	<u>Administrative</u>	<u>Alternative Schools Fund</u>	<u>Direct Services</u>	<u>General State Aid</u>
Assets				
Cash and cash equivalents	\$ -	\$ 821	\$ 39,672	\$ 84,267
Due from other funds	-	13,826	6,235	1,235
Due from other governments	5,592	-	1,274	7,419
Prepaid assets	950	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 6,542</u>	<u>\$ 14,647</u>	<u>\$ 47,181</u>	<u>\$ 92,921</u>
Liabilities				
Accounts payable	\$ -	\$ 79	\$ -	\$ 573
Accrued employee benefits	-	307	-	-
Due to other funds	20,691	-	-	-
Total Liabilities	<u>20,691</u>	<u>386</u>	<u>-</u>	<u>573</u>
Fund Balance				
Nonspendable	950	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	14,261	-	-
Unassigned	(15,099)	-	47,181	92,348
Total Fund Balances	<u>(14,149)</u>	<u>14,261</u>	<u>47,181</u>	<u>92,348</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 6,542</u>	<u>\$ 14,647</u>	<u>\$ 47,181</u>	<u>\$ 92,921</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2013

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Total
Assets				
Cash and cash equivalents	\$ 13,118	\$ -	\$ 973	\$ 138,851
Due from other funds	-	-	23,586	44,882
Due from other governments	51,255	3,631	-	69,171
Prepaid assets	-	-	-	950
Total Assets	<u>\$ 64,373</u>	<u>\$ 3,631</u>	<u>\$ 24,559</u>	<u>\$ 253,854</u>
Liabilities				
Accounts payable	\$ -	\$ 441	\$ -	\$ 1,093
Accrued employee benefits	-	267	-	574
Due to other funds	-	1,235	-	21,926
Total Liabilities	<u>-</u>	<u>1,943</u>	<u>-</u>	<u>23,593</u>
Fund Balance				
Nonspendable	-	-	-	950
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	14,261
Unassigned	64,373	1,688	24,559	215,050
Total Fund Balances	<u>64,373</u>	<u>1,688</u>	<u>24,559</u>	<u>230,261</u>
Total Liabilities and Fund Balances	<u>\$ 64,373</u>	<u>\$ 3,631</u>	<u>\$ 24,559</u>	<u>\$ 253,854</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2013

	<u>Administrative</u>	<u>Alternative Schools Fund</u>	<u>Direct Services</u>	<u>General State Aid</u>
Revenues				
Local sources	\$ 15,082	\$ 3,450	\$ 21,365	\$ 3,080
State sources	-	50,471	-	127,350
State sources - On Behalf Payments	356,334	-	-	-
Total Revenue	<u>371,416</u>	<u>53,921</u>	<u>21,365</u>	<u>130,430</u>
Expenditures				
Salaries	-	65,216	12,351	120,798
Employee benefits	-	17,350	3,419	14,869
Purchased services	37,067	20,033	16,075	43,006
Supplies and materials	1,933	1,988	184	8,556
Capital outlay	750	-	4,500	-
Other	-	-	-	-
Payments made on behalf of region	356,334	-	-	-
Total Expenditures	<u>396,084</u>	<u>104,587</u>	<u>36,529</u>	<u>187,229</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,668)</u>	<u>(50,666)</u>	<u>(15,164)</u>	<u>(56,799)</u>
Other Financing Sources (Uses)				
Transfers out	-	(18)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(18)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(24,668)	(50,684)	(15,164)	(56,799)
Fund Balance, Beginning of year (restated)	<u>10,519</u>	<u>64,945</u>	<u>62,345</u>	<u>149,147</u>
Fund Balance (Deficit), End of year	<u>\$ (14,149)</u>	<u>\$ 14,261</u>	<u>\$ 47,181</u>	<u>\$ 92,348</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2013

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Total
Revenues				
Local sources	\$ 57,066	\$ 55,189	\$ 300	\$ 155,532
State sources	-	-	-	177,821
State sources - On Behalf Payments	-	-	-	356,334
Total Revenue	<u>57,066</u>	<u>55,189</u>	<u>300</u>	<u>689,687</u>
Expenditures				
Salaries	29,184	34,348	-	261,897
Employee benefits	18,493	8,573	-	62,704
Purchased services	5,833	13,138	353	135,505
Supplies and materials	1,244	4,810	-	18,715
Capital outlay	-	-	-	5,250
Other	1,126	-	-	1,126
Payments made on behalf of region	-	-	-	356,334
Total Expenditures	<u>55,880</u>	<u>60,869</u>	<u>353</u>	<u>841,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,186</u>	<u>(5,680)</u>	<u>(53)</u>	<u>(151,844)</u>
Other Financing Sources (Uses)				
Transfers out	-	-	-	(18)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18)</u>
Net Change in Fund Balance	1,186	(5,680)	(53)	(151,862)
Fund Balance, Beginning of year (restated)	<u>63,187</u>	<u>7,368</u>	<u>24,612</u>	<u>382,123</u>
Fund Balance, End of year	<u>\$ 64,373</u>	<u>\$ 1,688</u>	<u>\$ 24,559</u>	<u>\$ 230,261</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2013

	Adult Education Programs	Math and Science	National School Lunch	Other State Programs	Regional Safe Schools
Assets					
Cash and cash equivalents	\$ 174	\$ -	\$ 3,376	\$ -	\$ 2,480
Due from other governments	<u>6,543</u>	<u>700</u>	<u>-</u>	<u>3,400</u>	<u>-</u>
Total Assets	<u><u>\$ 6,717</u></u>	<u><u>\$ 700</u></u>	<u><u>\$ 3,376</u></u>	<u><u>\$ 3,400</u></u>	<u><u>\$ 2,480</u></u>
Liabilities					
Accounts payable	\$ 2,398	\$ -	\$ -	\$ -	\$ 1,239
Due to other funds	<u>4,319</u>	<u>700</u>	<u>-</u>	<u>3,400</u>	<u>-</u>
Total Liabilities	<u><u>6,717</u></u>	<u><u>700</u></u>	<u><u>-</u></u>	<u><u>3,400</u></u>	<u><u>1,239</u></u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	3,376	-	1,241
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,376</u></u>	<u><u>-</u></u>	<u><u>1,241</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 6,717</u></u>	<u><u>\$ 700</u></u>	<u><u>\$ 3,376</u></u>	<u><u>\$ 3,400</u></u>	<u><u>\$ 2,480</u></u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2013

	ROE/ISC Operations	Title II Teacher Quality	Title II Teacher Quality - Leadership	Truants Alternative/ Optional Education	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 6,030
Due from other governments	<u>2,361</u>	<u>362</u>	<u>2,835</u>	<u>9,146</u>	<u>25,347</u>
Total Assets	<u><u>\$ 2,361</u></u>	<u><u>\$ 362</u></u>	<u><u>\$ 2,835</u></u>	<u><u>\$ 9,146</u></u>	<u><u>\$ 31,377</u></u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,637
Due to other funds	<u>2,361</u>	<u>362</u>	<u>2,835</u>	<u>9,146</u>	<u>23,123</u>
Total Liabilities	<u><u>2,361</u></u>	<u><u>362</u></u>	<u><u>2,835</u></u>	<u><u>9,146</u></u>	<u><u>26,760</u></u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	4,617
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,617</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 2,361</u></u>	<u><u>\$ 362</u></u>	<u><u>\$ 2,835</u></u>	<u><u>\$ 9,146</u></u>	<u><u>\$ 31,377</u></u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2013

	Adult Education Programs	Math and Science	National School Lunch	Other State Programs	Regional Safe Schools
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	78,517	-	-	3,400	65,231
Federal sources	25,611	6,900	-	-	-
Total Revenues	<u>104,128</u>	<u>6,900</u>	<u>-</u>	<u>3,400</u>	<u>65,231</u>
Expenditures					
Salaries	82,203	-	-	-	45,139
Employee benefits	10,133	-	-	-	3,625
Purchased services	7,122	368	35	3,300	10,955
Supplies and materials	2,000	-	350	100	8,446
Capital outlay	2,670	-	-	-	1,239
Payments to other governmental units	-	3,500	-	-	-
Total Expenditures	<u>104,128</u>	<u>3,868</u>	<u>385</u>	<u>3,400</u>	<u>69,404</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>3,032</u>	<u>(385)</u>	<u>-</u>	<u>(4,173)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	(3,032)	-	-	-
Interest	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,032)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(385)	-	(4,173)
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>3,761</u>	<u>-</u>	<u>5,414</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,376</u>	<u>\$ -</u>	<u>\$ 1,241</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2013

	ROE/ISC Operations	Title II Teacher Quality	Title II Teacher Quality - Leadership	Truants Alternative/ Optional Education	Total
Revenues					
Local sources	\$ 208	\$ -	\$ -	\$ -	\$ 208
State sources	28,255	-	-	73,319	248,722
Federal sources	-	362	2,835	-	35,708
Total Revenues	<u>28,463</u>	<u>362</u>	<u>2,835</u>	<u>73,319</u>	<u>284,638</u>
Expenditures					
Salaries	22,038	-	135	55,640	205,155
Employee benefits	2,966	-	-	2,002	18,726
Purchased services	3,397	362	2,700	7,638	35,877
Supplies and materials	63	-	-	5,757	16,716
Capital outlay	-	-	-	2,300	6,209
Payments to other governmental units	-	-	-	-	3,500
Total Expenditures	<u>28,464</u>	<u>362</u>	<u>2,835</u>	<u>73,337</u>	<u>286,183</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>(1,545)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	18	18
Transfers out	-	-	-	-	(3,032)
Interest	1	-	-	-	1
Total Other Financing Sources (Uses)	<u>1</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>(3,013)</u>
Net Change in Fund Balance	-	-	-	-	(4,558)
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,175</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,617</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
ADULT EDUCATION PROGRAMS
June 30, 2013

	<u>Federal Basic</u>	<u>Public Assistance</u>	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 174	\$ -	\$ 174
Due from other governments	-	2,677	2,224	1,642	6,543
	<u>-</u>	<u>2,677</u>	<u>2,224</u>	<u>1,642</u>	<u>6,543</u>
Total Assets	<u>\$ -</u>	<u>\$ 2,677</u>	<u>\$ 2,398</u>	<u>\$ 1,642</u>	<u>\$ 6,717</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 2,398	\$ -	\$ 2,398
Due to other funds	-	2,677	-	1,642	4,319
	<u>-</u>	<u>2,677</u>	<u>-</u>	<u>1,642</u>	<u>4,319</u>
Total Liabilities	<u>-</u>	<u>2,677</u>	<u>2,398</u>	<u>1,642</u>	<u>6,717</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 2,677</u>	<u>\$ 2,398</u>	<u>\$ 1,642</u>	<u>\$ 6,717</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
ADULT EDUCATION PROGRAMS
For the Year Ended June 30, 2013

	Federal Basic	Public Assistance	State Basic	State Performance	Total
Revenues					
State sources	\$ -	\$ 32,129	\$ 26,690	\$ 19,698	\$ 78,517
Federal sources	25,611	-	-	-	25,611
Total Revenues	<u>25,611</u>	<u>32,129</u>	<u>26,690</u>	<u>19,698</u>	<u>104,128</u>
Expenditures					
Salaries	20,801	29,122	19,368	12,912	82,203
Employee benefits	3,394	373	972	5,394	10,133
Purchased services	1,416	2,634	1,680	1,392	7,122
Supplies and materials	-	-	2,000	-	2,000
Capital outlay	-	-	2,670	-	2,670
Total Expenditures	<u>25,611</u>	<u>32,129</u>	<u>26,690</u>	<u>19,698</u>	<u>104,128</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - FEDERAL BASIC
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 23,905	\$ 25,611	\$ 25,611
Total Revenues	<u>23,905</u>	<u>25,611</u>	<u>25,611</u>
Expenditures			
Salaries	18,625	19,625	20,801
Employee benefits	4,870	5,076	3,394
Purchased services	410	910	1,416
Total Expenditures	<u>23,905</u>	<u>25,611</u>	<u>25,611</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - PUBLIC ASSISTANCE
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 40,849	\$ 32,129	\$ 32,129
Total Revenues	<u>40,849</u>	<u>32,129</u>	<u>32,129</u>
Expenditures			
Salaries	31,897	24,900	29,122
Employee benefits	3,205	2,311	373
Purchased services	3,997	3,168	2,634
Supplies and materials	1,750	1,750	-
Total Expenditures	<u>40,849</u>	<u>32,129</u>	<u>32,129</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE BASIC
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 24,578	\$ 26,690	\$ 26,690
Total Revenues	<u>24,578</u>	<u>26,690</u>	<u>26,690</u>
Expenditures			
Salaries	22,450	22,450	19,368
Employee benefits	1,000	1,000	972
Purchased services	1,128	1,128	1,680
Supplies and materials	-	1,112	2,000
Capital outlay	-	1,000	2,670
Total Expenditures	<u>24,578</u>	<u>26,690</u>	<u>26,690</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE PERFORMANCE
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 20,447	\$ 19,698	\$ 19,698
Total Revenues	<u>20,447</u>	<u>19,698</u>	<u>19,698</u>
Expenditures			
Salaries	17,000	16,251	12,912
Employee benefits	1,551	1,551	5,394
Purchased services	1,896	1,896	1,392
Total Expenditures	<u>20,447</u>	<u>19,698</u>	<u>19,698</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
BUDGETARY COMPARISON SCHEDULE
(For the Period of May 29, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
OTHER STATE PROGRAMS
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 3,400	\$ 3,400	\$ 3,400
Total Revenues	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>
Expenditures			
Salaries	3,300	-	-
Purchased services	-	3,300	3,300
Supplies and materials	100	100	100
Total Expenditures	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 65,231	\$ 65,231	\$ 65,231
Total Revenues	<u>65,231</u>	<u>65,231</u>	<u>65,231</u>
Expenditures			
Salaries	45,500	45,500	45,139
Employee benefits	2,248	2,248	3,625
Purchased services	7,600	7,600	10,955
Supplies and materials	8,383	8,383	8,446
Capital Outlay	1,500	1,500	1,239
Total Expenditures	<u>65,231</u>	<u>65,231</u>	<u>69,404</u>
Net change in fund balance	-	-	(4,173)
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>5,414</u>
Fund Balance, End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,241</u></u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 11, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Local source	\$ -	\$ -	\$ 208
State sources	28,255	28,255	28,255
Total Revenues	<u>28,255</u>	<u>28,255</u>	<u>28,463</u>
Expenditures			
Salaries	24,091	22,141	22,038
Employee benefits	3,160	2,797	2,966
Purchased services	1,004	3,233	3,397
Supplies and materials	-	84	63
Total Expenditures	<u>28,255</u>	<u>28,255</u>	<u>28,464</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(1)</u>
Other Financing Sources (Uses)			
Interest	-	-	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
BUDGETARY COMPARISON SCHEDULE
(For the Period of April 4, 2013 to June 30, 2013)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 362	\$ 362	\$ 362
Total Revenues	<u>362</u>	<u>362</u>	<u>362</u>
Expenditures:			
Purchased services	362	362	362
Total Expenditures	<u>362</u>	<u>362</u>	<u>362</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
BUDGETARY COMPARISON SCHEDULE
(For the Period of June 10, 2013 to September 30, 2013)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY - LEADERSHIP
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 2,835	\$ 4,335	\$ 2,835
Total Revenues	<u>2,835</u>	<u>4,335</u>	<u>2,835</u>
Expenditures:			
Salaries	135	135	135
Purchased services	2,700	4,200	2,700
Total Expenditures	<u>2,835</u>	<u>4,335</u>	<u>2,835</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 73,319	\$ 73,319	\$ 73,319
Total Revenues	<u>73,319</u>	<u>73,319</u>	<u>73,319</u>
Expenditures			
Salaries	61,339	54,965	55,640
Employee benefits	1,316	1,173	2,002
Purchased services	9,164	8,387	7,638
Supplies and materials	1,500	6,594	5,757
Capital outlay	-	2,200	2,300
Total Expenditures	<u>73,319</u>	<u>73,319</u>	<u>73,337</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(18)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	18
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>18</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013

	Bus Driver Permit Fund	General Education Development Fund	Olympiad Fund	Total
Assets				
Cash and cash equivalents	\$ 9,123	\$ 254	\$ 4,273	\$ 13,650
Due from other governments	-	930	-	930
Total Assets	\$ 9,123	\$ 1,184	\$ 4,273	\$ 14,580
Liabilities				
Accounts payable	\$ -	\$ 1,524	\$ -	\$ 1,524
Total Liabilities	-	1,524	-	1,524
Fund Balance				
Nonspendable	-	-	-	-
Restricted	9,123	-	-	9,123
Committed	-	-	4,273	4,273
Assigned	-	-	-	-
Unassigned	-	(340)	-	(340)
Total Fund Balances	9,123	(340)	4,273	13,056
Total Liabilities and Fund Balances	\$ 9,123	\$ 1,184	\$ 4,273	\$ 14,580

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013

	Bus Driver Permit Fund	General Education Development Fund	Olympiad Fund	Total
Revenues				
Local sources	\$ 2,181	\$ 18,403	\$ 11,920	\$ 32,504
State sources	873	-	-	873
Federal sources	-	-	-	-
Total Revenues	<u>3,054</u>	<u>18,403</u>	<u>11,920</u>	<u>33,377</u>
Expenditures				
Salaries	-	15,574	-	15,574
Employee benefits	-	204	-	204
Purchased services	1,628	10,743	8,893	21,264
Supplies and materials	205	3,488	2,660	6,353
Capital outlay	-	4,025	-	4,025
Other	-	-	-	-
Total Expenditures	<u>1,833</u>	<u>34,034</u>	<u>11,553</u>	<u>47,420</u>
Net Change in Fund Balance	1,221	(15,631)	367	(14,043)
Fund Balance, Beginning of year	<u>7,902</u>	<u>15,291</u>	<u>3,906</u>	<u>27,099</u>
Fund Balance (Deficit). End of year	<u>\$ 9,123</u>	<u>\$ (340)</u>	<u>\$ 4,273</u>	<u>\$ 13,056</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
June 30, 2013

	Arrest Grant Program	Birth to Three	Central IL Rural Region Career & Technical Education System	Seventh Judicial Family Violence Prevention Fund	Trustee Fund	Total Agency Funds
Assets						
Cash and cash equivalents	\$ 1,410	\$ -	\$ 61,258	\$ -	\$ 918	\$ 63,586
Due from other governments	-	-	-	6,204	-	6,204
Total Assets	\$ 1,410	\$ -	\$ 61,258	\$ 6,204	\$ 918	\$ 69,790
Liabilities						
Due to other governments	\$ 1,410	\$ -	\$ 61,258	\$ 6,204	\$ -	\$ 68,872
Due to others	-	-	-	-	918	918
Total Liabilities	\$ 1,410	\$ -	\$ 61,258	\$ 6,204	\$ 918	\$ 69,790

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Arrest Grant Program</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 1,410	\$ -	\$ 1,410
Total Assets	<u>\$ -</u>	<u>\$ 1,410</u>	<u>\$ -</u>	<u>\$ 1,410</u>
Liabilities				
Due to other governments	\$ -	\$ 1,410	\$ -	\$ 1,410
Total Liabilities	<u>\$ -</u>	<u>\$ 1,410</u>	<u>\$ -</u>	<u>\$ 1,410</u>
<u>Birth to Three</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 5,875	\$ 5,875	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 5,875</u>	<u>\$ 5,875</u>	<u>\$ -</u>
Liabilities				
Due to other governments	\$ -	\$ 5,875	\$ 5,875	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 5,875</u>	<u>\$ 5,875</u>	<u>\$ -</u>
<u>Central Illinois Rural Region Career & Technical Education System</u>				
Assets				
Cash and cash equivalents	\$ 31,780	\$ 446,189	\$ 416,711	\$ 61,258
Total Assets	<u>\$ 31,780</u>	<u>\$ 446,189</u>	<u>\$ 416,711</u>	<u>\$ 61,258</u>
Liabilities				
Due to other governments	\$ 31,780	\$ 446,189	\$ 416,711	\$ 61,258
Total Liabilities	<u>\$ 31,780</u>	<u>\$ 446,189</u>	<u>\$ 416,711</u>	<u>\$ 61,258</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION #40
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Seventh Judicial Family Violence Prevention Fund</u>				
Assets				
Cash and cash equivalents	\$ 6,077	\$ 12,426	\$ 18,503	\$ -
Due from other governments	<u>-</u>	<u>6,204</u>	<u>-</u>	<u>6,204</u>
Total Assets	<u>\$ 6,077</u>	<u>\$ 18,630</u>	<u>\$ 18,503</u>	<u>\$ 6,204</u>
Liabilities				
Due to other governments	<u>\$ 6,077</u>	<u>\$ 6,204</u>	<u>\$ 6,077</u>	<u>\$ 6,204</u>
Total Liabilities	<u>\$ 6,077</u>	<u>\$ 6,204</u>	<u>\$ 6,077</u>	<u>\$ 6,204</u>
<u>Trustee Fund</u>				
Assets				
Cash and cash equivalents	<u>\$ 54</u>	<u>\$ 1,000</u>	<u>\$ 136</u>	<u>\$ 918</u>
Total Assets	<u>\$ 54</u>	<u>\$ 1,000</u>	<u>\$ 136</u>	<u>\$ 918</u>
Liabilities				
Due to others	<u>\$ 54</u>	<u>\$ 918</u>	<u>\$ 54</u>	<u>\$ 918</u>
Total Liabilities	<u>\$ 54</u>	<u>\$ 918</u>	<u>\$ 54</u>	<u>\$ 918</u>
<u>Total</u>				
Assets				
Cash and cash equivalents	\$ 37,911	\$ 466,900	\$ 441,225	\$ 63,586
Due from other governments	<u>-</u>	<u>6,204</u>	<u>-</u>	<u>6,204</u>
Total Assets	<u>\$ 37,911</u>	<u>\$ 473,104</u>	<u>\$ 441,225</u>	<u>\$ 69,790</u>
Liabilities				
Due to other governments	\$ 37,857	\$ 459,678	\$ 428,663	\$ 68,872
Due to others	<u>54</u>	<u>918</u>	<u>54</u>	<u>918</u>
Total Liabilities	<u>\$ 37,911</u>	<u>\$ 460,596</u>	<u>\$ 428,717</u>	<u>\$ 69,790</u>