

State of Illinois
ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
FINANCIAL AUDIT
For the Year Ended June 30, 2013

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2013

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ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2013

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Ms. Deborah Niederhauser

Assistant Regional Superintendent
(Current and during the audit period)

Ms. Jill Reis

Offices are located at:

507 Vermont Street
Quincy, IL 62301

1267 East Washington
Pittsfield, IL 62363

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2013

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND RESPONSES

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

2013-001	11a	Internal Control over Accounting Transactions	Material Weakness
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PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2013

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 29, 2013. Attending were Debbie Niederhauser, Regional Superintendent and Tami Knight, Partner, Kemper CPA Group, LLP. Responses to the recommendations were provided by Debbie Niederhauser, Regional Superintendent, on December 23, 2013.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2013

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Adams/Pike Counties Regional Office of Education #1 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #1'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 Adams/Pike Counties Regional Office of Education #1, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Regional Office of Education #1'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 Adams/Pike Counties Regional Office of Education #1, 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 14f and page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adams/Pike Counties Regional Office of Education #1'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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 February 27, 2014, on our consideration of the Adams/Pike Counties Regional Office of Education #1'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 Adams/Pike Counties Regional Office of Education #1's internal control over financial reporting and compliance.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mattoon, Illinois
February 27, 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 STANDARDS

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 Adams/Pike Counties Regional Office of Education #1, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Adams/Pike Counties Regional Office of Education #1's basic financial statements, and have issued our report thereon dated February 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Adams/Pike Counties Regional Office of Education #1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Adams/Pike Counties Regional Office of Education #1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Adams/Pike Counties Regional Office of Education #1'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 a deficiency in internal control that we consider to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams/Pike Counties Regional Office of Education #1'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*.

Adams/Pike Counties Regional Office of Education #1's Response to Finding

Adams/Pike Counties Regional Office of Education #1's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Adams/Pike Counties Regional Office of Education #1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Adams/Pike Counties Regional Office of Education #1's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adams/Pike Counties Regional Office of Education #1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mattoon, Illinois
February 27, 2014

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2013-001 – Internal Control over Accounting Transactions

Criteria/Specific Requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over the Regional Office's accounting processes to prevent errors and fraud in reporting.

Condition:

We noted the following internal control weaknesses over the accounting and closing processes:

- A. We noted several instances where administrative costs and the associated reimbursing transfer of cash were recorded as revenues and expenditures in both the fund that incurred the cost and in a general fund which paid the expenditures, resulting in double-booking of revenues and expenditures.
- B. During our testing, we noted capital asset additions in the amount of \$7,585 were not included on the Regional Office's asset listing.
- C. We noted a transfer of funds from one bank account to another which was recorded as a revenue and an expenditure in the General Fund instead of being recorded as a transfer.
- D. While the Regional Office maintained and recorded their accrual balances, we noted one instance where a material receivable was not recorded and one instance where an expenditure paid in June 2013 should have been recorded as a prepaid expense.
- E. The Regional Office recorded the State and local revenue for the Bus Driver fund in a single local revenue account instead of recording revenue by source in accordance with the Regional Office of Education Accounting Manual.
- F. The Child and Family Connections and Regional Office of Prevention Effectiveness Services grants were both overexpended in prior years and carry deficit balances of \$36,655 and \$4,629, respectively. The Regional Office will not receive any additional funding from the grantors for these specific program years.
- G. Six journal entries were not supported by documentation showing review and approval by someone independent of the general ledger process.
- H. We noted the individual who records deposits in the general ledger can also accept cash receipts and prepare the deposit slips. No one individual should have access to all or a majority of the steps within the receipts or disbursements process.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2013-001 – Internal Control over Accounting Transactions (Concluded)

Effect:

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

Cause:

The Regional Office does not have sufficient internal controls over their accounting and closing processes to detect errors in their reporting.

Auditor's Recommendation:

- A. Administrative costs should be recorded in the fund that incurred the expenses. The associated transfer of cash to reimburse the fund that paid the costs should be recorded as an offset to the associated expenditure in the reimbursed fund.
- B. The Regional Office should establish procedures to ensure its capital asset listing is maintained in accordance with the Regional Office's capital asset policy.
- C. Transfers of cash internally between funds should be recorded as transfers.
- D. The Regional Office should establish procedures to ensure that all material accrual information is captured for reporting at the end of the fiscal year.
- E. The Regional Office should segregate revenue by source in its accounting system in accordance with the Regional Office of Education Accounting Manual.
- F. When the Regional Office has overexpended a reimbursement grant in a program year and will not receive any additional funding from the grantor for that program year, the Regional Office should transfer in unrestricted resources to cover the overexpenditures.
- G. All journal entries should be accompanied by supporting documentation showing review and approval by someone independent of the general ledger process.
- H. The individual that accepts cash or drafts the deposit slip should be independent of the general ledger process.

Management's Response:

We accept this finding.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Corrective Action Plan

Finding No. 2013-001 – Internal Control over Accounting Transactions

Condition:

We noted the following internal control weaknesses over the accounting and closing processes:

- A. We noted several instances where administrative costs and the associated reimbursing transfer of cash were recorded as revenues and expenditures in both the fund that incurred the cost and in a general fund which paid the expenditures, resulting in double-booking of revenues and expenditures.
- B. During our testing, we noted capital asset additions in the amount of \$7,585 were not included on the Regional Office's asset listing.
- C. We noted a transfer of funds from one bank account to another which was recorded as a revenue and an expenditure in the General Fund instead of being recorded as a transfer.
- D. While the Regional Office maintained and recorded their accrual balances, we noted one instance where a material receivable was not recorded and one instance where an expenditure paid in June 2013 should have been recorded as a prepaid expense.
- E. The Regional Office recorded the State and local revenue for the Bus Driver fund in a single local revenue account instead of recording revenue by source in accordance with the Regional Office of Education Accounting Manual.
- F. The Child and Family Connections and Regional Office of Prevention Effectiveness Services grants were both overexpended in prior years and carry deficit balances of \$36,655 and \$4,629, respectively. The Regional Office will not receive any additional funding from the grantors for these specific program years.
- G. Six journal entries were not supported by documentation showing review and approval by someone independent of the general ledger process.
- H. We noted the individual who records deposits in the general ledger can also accept cash receipts and prepare the deposit slips. No one individual should have access to all or a majority of the steps within the receipts or disbursements process.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Corrective Action Plan (Concluded)

Finding No. 2013-001 – Internal Control over Accounting Transactions

Plan:

- A. Administrative costs will be recorded in the fund that incurred the expenses. The associated transfer of cash to reimburse the fund that paid the costs will be recorded as an offset to the associated expenditure in the reimbursed fund.
- B. The Regional Office will establish procedures to ensure its capital asset listing is maintained in accordance with the Regional Office's capital asset policy.
- C. Transfers of cash internally between funds will be recorded as transfers.
- D. The Regional Office will establish procedures to ensure that all material accrual information is captured for reporting at the end of the fiscal year.
- E. The Regional Office will segregate revenue by source in its accounting system in accordance with the Regional Office of Education Accounting Manual.
- F. When the Regional Office has overexpended a reimbursement grant in a program year and will not receive any additional funding from the grantor for that program year, the Regional Office will transfer in unrestricted resources to cover the overexpenditures.
- G. All journal entries will be accompanied by supporting documentation showing review and approval by someone independent of the general ledger process.
- H. The individual that accepts cash or drafts the deposit slip will be independent of the general ledger process.

Anticipated Date of Completion:

We are currently fixing these issues and will be completed by June 2014.

Contact Person Responsible for Corrective Action:

Honorable Debbie Niederhauser, Regional Superintendent of Schools

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

There are no audit findings for the year ended June 30, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

The Adams/Pike Counties Regional Office of Education #1 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. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2013 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$70,776 from \$678,256 in FY12 to \$749,032 in FY13. Revenues from local sources decreased, but State sources and on-behalf payments increased. General Fund expenditures increased by \$27,296 from \$717,380 in FY12 to \$744,676 in FY13. Salaries and benefits, other objects, and on-behalf payments all increased while purchased services and supplies and materials decreased.
- Within the Governmental Funds, the Special Revenue Funds revenue increased by \$1,867 from \$828,709 in FY12 to \$830,576 in FY13. The Special Revenue Funds expenditures increased by \$13,031 from \$856,870 in FY12 to \$869,901 in FY13. Expenditures for salaries and benefits, purchased services, supplies and materials all increased in FY13.

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Reporting the Regional Office as a Whole

The Statement of Net Position and the Statement of Activities

The Government-wide statements report information about the Regional Office 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 Regional Office's net position and how they have changed. Net position – the difference between the assets and liabilities – are one way to measure the Regional Office's financial health or position.

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

The Government-wide financial statements present all of the Regional Office's activities as governmental and business-type activities. Local, State and federal monies 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 that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office established other funds to control and manage money for particular purposes.

The Regional Office has two kinds of funds:

1. Governmental funds account for all of the Regional Office'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's Governmental Funds include: the General Fund and the Special Revenue Funds.

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Reporting the Regional Office as a Whole (Concluded)

2. Proprietary funds are used to report the same functions presented as business-type activities in the Government-wide financial statements, only in more detail.

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one indicator of the financial position of the Regional Office. The net position at the end of FY13 totaled \$570,895. At the end of FY12, the net position was \$577,873 (unrestated, see Note 11 to the financial statements). The analysis that follows provides a summary of the Office's net position at June 30, 2013 and 2012.

CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 561,650	\$ 587,891	\$ 50,318	\$ -	\$ 611,968	\$ 587,891
Capital assets, net	19,796	26,370	-	-	19,796	26,370
Total assets	<u>581,446</u>	<u>614,261</u>	<u>50,318</u>	<u>-</u>	<u>631,764</u>	<u>614,261</u>
Current liabilities	60,869	36,388	-	-	60,869	36,388
Total liabilities	<u>60,869</u>	<u>36,388</u>	<u>-</u>	<u>-</u>	<u>60,869</u>	<u>36,388</u>
Net position:						
Invested in capital assets	19,796	26,370	-	-	19,796	26,370
Restricted for educational purposes	43,319	47,687	-	-	43,319	47,687
Unrestricted, restated	457,462	503,816	50,318	-	507,780	503,816
Total net position	<u>\$ 520,577</u>	<u>\$ 577,873</u>	<u>\$ 50,318</u>	<u>\$ -</u>	<u>\$ 570,895</u>	<u>\$ 577,873</u>

The Regional Office's net position decreased \$6,978 from FY12 to FY13. Governmental activities net position decreased by \$57,296. The majority of this decrease is the result of reclassifying the Local Workshops program from a governmental fund to a business-type fund (see Note 11 to the financial statements). Business-type activities net position increased by \$50,318 as a result of this reclassification as well. In addition, net position related to the Institute Fund is considered restricted for teacher professional development.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Government-Wide Financial Analysis (Concluded)

The following analysis shows the changes in net position for the years ended June 30, 2013 and 2012.

CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 726,470	\$ 969,798	\$ -	\$ -	\$ 726,470	\$ 969,798
Capital grants and contributions	-	3,720	-	-	-	3,720
General revenues:						
Local sources	275,589	287,395	-	-	275,589	287,395
State sources	302,285	-	-	-	302,285	-
On-behalf payments	309,102	224,541	-	-	309,102	224,541
Charges for services	-	-	11,925	-	11,925	-
Interest	1,899	517	298	-	2,197	517
Total revenues	<u>1,615,345</u>	<u>1,485,971</u>	<u>12,223</u>	<u>-</u>	<u>1,627,568</u>	<u>1,485,971</u>
Expenses:						
Programs expenses:						
Salaries and benefits	648,113	645,041	1,940	-	650,053	645,041
Purchased services	193,277	252,088	8,166	-	201,443	252,088
Supplies and materials	18,636	33,077	750	-	19,386	33,077
Other objects	41,995	7,652	-	-	41,995	7,652
Payments to other governments	395,869	408,131	-	-	395,869	408,131
Depreciation	14,159	14,383	-	-	14,159	14,383
Administrative expenses:						
On-behalf payments - State	309,102	224,541	-	-	309,102	224,541
Total expenses	<u>1,621,151</u>	<u>1,584,913</u>	<u>10,856</u>	<u>-</u>	<u>1,632,007</u>	<u>1,584,913</u>
Changes in net position	(5,806)	(98,942)	1,367	-	(4,439)	(98,942)
Net position - beginning, restated	526,383	676,815	48,951	-	575,334	676,815
Net position, ending	<u>\$ 520,577</u>	<u>\$ 577,873</u>	<u>\$ 50,318</u>	<u>\$ -</u>	<u>\$ 570,895</u>	<u>\$ 577,873</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Financial Analysis of the Regional Office of Education #1 Funds

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

The Regional Office's Governmental Funds reported combined fund balances of \$466,943 in FY13 and \$551,503 in FY12 (unrestated). The decrease is primarily the result of reclassifying the Local Workshops program (see Note 11 to the financial statements). The decrease in the restated combined fund balances in FY13 was much smaller than the decrease in FY12 as a result of increased revenue and the Regional Office's efforts to keep costs down while still providing necessary services to the public.

Governmental Fund Highlights

Revenues for governmental activities were \$1,615,345 and expenditures were \$1,621,151. The Regional Office experienced an increase in revenues and expenditures during FY13.

Special Projects revenues and expenditures increased in FY13.

In the General State Aid Fund, revenues and expenditures for on-behalf payments increased.

Education Fund revenues increased by \$3,506 from FY12. Total Education Fund expenditures increased by \$3,059 during FY13. Purchased services (including travel and entertainment), supplies and materials, and payments to other governments decreased slightly, while salaries and benefits and capital outlay increased.

Proprietary Fund Highlights

Revenues for proprietary activities were \$12,223 and expenses were \$10,856. Revenues and expenses from workshops decreased during FY13 due to a decrease in workshops being offered and fewer attendees.

Budgetary Highlights

The Regional Office annually adopts budgets for certain grants, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. 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 needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the Regional Office's actual financial activity is included in the supplementary information section of this report on pages 57 through 65.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Capital Assets

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment and office furniture. The Regional Office maintains an inventory of capital assets that has accumulated over time. The Regional Office's fixed assets increased by \$7,585 in FY13. In addition, the Regional Office has adopted a depreciation schedule that reflects the level of capital assets, net of accumulated depreciation. More detailed information about capital assets is available in Note 3 to the financial statements.

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation level used in the calculation of General State Aid remains at \$6,119 per student; however, the entitled funds will be prorated per the Legislature in FY14.
- FY14 funding for Child and Family Connections will be similar funding to FY13.
- FY14 funding for Truants Alternative/Optional Education will be 97% of FY13 funding.
- FY14 funding for Regional Safe Schools will be 99% of FY13 funding.
- The Regional Office anticipates the continued delay in grant funding payments from the State. This delay will continue to cause a significant financial hardship.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Adams/Pike Counties Regional Office of Education #1, 507 Vermont Street, Quincy, IL 62301.

BASIC FINANCIAL STATEMENTS

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 477,738	\$ 47,618	\$ 525,356
Due from other governments:			
Local	30,616	2,700	33,316
State	40,395	-	40,395
Federal	12,901	-	12,901
Total Current Assets	<u>561,650</u>	<u>50,318</u>	<u>611,968</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	19,796	-	19,796
Total Noncurrent Assets	<u>19,796</u>	<u>-</u>	<u>19,796</u>
TOTAL ASSETS	<u>581,446</u>	<u>50,318</u>	<u>631,764</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	56,660	-	56,660
Due to other governments:			
Local	3,808	-	3,808
State	329	-	329
Federal	72	-	72
Total Current Liabilities	<u>60,869</u>	<u>-</u>	<u>60,869</u>
NET POSITION			
Invested in capital assets	19,796	-	19,796
Restricted for educational purposes	43,319	-	43,319
Unrestricted	457,462	50,318	507,780
TOTAL NET POSITION	<u>\$ 520,577</u>	<u>\$ 50,318</u>	<u>\$ 570,895</u>

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
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 and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 648,113	\$ -	\$ 229,285	\$ (418,828)	\$ -	\$ (418,828)
Purchased services	193,277	-	71,486	(121,791)	-	(121,791)
Supplies and materials	18,636	-	6,882	(11,754)	-	(11,754)
Other objects	41,995	-	15,363	(26,632)	-	(26,632)
Depreciation expense	14,159	-	-	(14,159)	-	(14,159)
Capital outlay	-	-	7,585	7,585	-	7,585
Payments to other governments	395,869	-	395,869	-	-	-
Administrative:						
On-behalf payments - State	309,102	-	-	(309,102)	-	(309,102)
Total Governmental Activities	<u>1,621,151</u>	<u>-</u>	<u>726,470</u>	<u>(894,681)</u>	<u>-</u>	<u>(894,681)</u>
Business-Type Activities:						
Charges for services	10,856	11,925	-	-	1,069	1,069
Total Business-Type Activities	<u>10,856</u>	<u>11,925</u>	<u>-</u>	<u>-</u>	<u>1,069</u>	<u>1,069</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,632,007</u>	<u>\$ 11,925</u>	<u>\$ 726,470</u>	<u>(894,681)</u>	<u>1,069</u>	<u>(893,612)</u>
GENERAL REVENUES:						
Local sources				275,589	-	275,589
State sources				302,285	-	302,285
On-behalf payments - State				309,102	-	309,102
Investment earnings				1,899	298	2,197
Total General Revenues				<u>888,875</u>	<u>298</u>	<u>889,173</u>
CHANGE IN NET POSITION				(5,806)	1,367	(4,439)
NET POSITION - BEGINNING, Restated (See Note 11)				<u>526,383</u>	<u>48,951</u>	<u>575,334</u>
NET POSITION - ENDING				<u>\$ 520,577</u>	<u>\$ 50,318</u>	<u>\$ 570,895</u>

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 343,817	\$ 55,344	\$ 78,577	\$ -	\$ 477,738
Due from other funds	111,514	-	-	(111,514)	-
Due from other governments:					
Local	3,450	27,166	-	-	30,616
State	-	40,395	-	-	40,395
Federal	-	12,901	-	-	12,901
TOTAL ASSETS	\$ 458,781	\$ 135,806	\$ 78,577	\$ (111,514)	\$ 561,650
LIABILITIES					
Accounts payable	\$ 1,319	\$ 55,332	\$ 9	\$ -	\$ 56,660
Due to other funds	-	111,514	-	(111,514)	-
Due to other governments:					
Local	-	3,808	-	-	3,808
State	-	329	-	-	329
Federal	-	72	-	-	72
Unearned revenue	-	33,838	-	-	33,838
Total Liabilities	1,319	204,893	9	(111,514)	94,707
FUND BALANCE (DEFICIT)					
Restricted	-	6,035	78,568	-	84,603
Assigned	35,895	-	-	-	35,895
Unassigned	421,567	(75,122)	-	-	346,445
Total Fund Balance (Deficit)	457,462	(69,087)	78,568	-	466,943
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 458,781	\$ 135,806	\$ 78,577	\$ (111,514)	\$ 561,650

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2013

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 466,943

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 19,796

Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds. 33,838

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 520,577

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 167,497	\$ 62,634	\$ 45,458	\$ -	\$ 275,589
State sources	272,433	455,317	852	-	728,602
On-behalf payments - State	309,102	-	-	-	309,102
Federal sources	-	266,315	-	-	266,315
Total Revenues	749,032	784,266	46,310	-	1,579,608
EXPENDITURES					
Instructional Services:					
Salaries and benefits	108,186	536,105	3,822	-	648,113
Purchased services	61,101	117,924	14,252	-	193,277
Supplies and materials	2,799	9,657	6,180	-	18,636
Other objects	4,031	22,491	15,473	-	41,995
Payments to other governments	259,457	136,412	-	-	395,869
On-behalf payments - State	309,102	-	-	-	309,102
Capital outlay	-	7,585	-	-	7,585
Total Expenditures	744,676	830,174	39,727	-	1,614,577
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,356	(45,908)	6,583	-	(34,969)
OTHER FINANCING SOURCES (USES):					
Transfers in	2,495	10,164	-	(12,659)	-
Transfers out	(10,164)	(2,495)	-	12,659	-
Interest income	1,588	152	159	-	1,899
Total Other Financing Sources (Uses)	(6,081)	7,821	159	-	1,899
NET CHANGE IN FUND BALANCE	(1,725)	(38,087)	6,742	-	(33,070)
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 11)	459,187	(31,000)	71,826	-	500,013
FUND BALANCE (DEFICIT) - ENDING	\$ 457,462	\$ (69,087)	\$ 78,568	\$ -	\$ 466,943

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
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 — GOVERNMENTAL FUNDS \$ (33,070)

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

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

Capital outlay	\$ 7,585	
Depreciation expense	<u>(14,159)</u>	(6,574)

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

FY13 deferred revenue	<u>33,838</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (5,806)

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities Enterprise Funds	
	Local Workshops	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 47,618	\$ 47,618
Due from other governments:		
Local	2,700	2,700
Total current assets	50,318	50,318
TOTAL ASSETS	50,318	50,318
NET POSITION		
Unrestricted	50,318	50,318
TOTAL NET POSITION	\$ 50,318	\$ 50,318

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds	
	Local Workshops	Total
OPERATING REVENUES		
Charges for services	\$ 11,925	\$ 11,925
Total Operating Revenues	11,925	11,925
OPERATING EXPENSES		
Salaries and benefits	1,940	1,940
Purchased services	8,166	8,166
Supplies and materials	750	750
Total Operating Expenses	10,856	10,856
OPERATING INCOME (LOSS)	1,069	1,069
NONOPERATING REVENUE		
Interest income	298	298
Total Nonoperating Revenue	298	298
CHANGE IN NET POSITION	1,367	1,367
TOTAL NET POSITION - BEGINNING, Restated (See Note 11)	48,951	48,951
TOTAL NET POSITION - ENDING	\$ 50,318	\$ 50,318

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds	
	Local Workshops	Total
Cash Flows from Operating Activities:		
Receipts from customers	\$ 11,025	\$ 11,025
Payments to suppliers and providers of goods and services	(8,916)	(8,916)
Payments to employees	(1,940)	(1,940)
Net Cash Provided by (Used for) Operating Activities	169	169
Cash Flows from Investing Activities:		
Interest income	298	298
Net Cash Provided by (Used for) Investing Activities	298	298
Net Increase (Decrease) in Cash and Cash Equivalents	467	467
Cash and cash equivalents - Beginning, restated	47,151	47,151
Cash and cash equivalents - Ending	\$ 47,618	\$ 47,618
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	\$ 1,069	\$ 1,069
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Increase in assets:		
(Increase) in accounts receivable	(900)	(900)
Net Cash Provided by (Used for) Operating Activities	\$ 169	\$ 169

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Adams/Pike Counties Regional Office of Education #1 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2013, the Regional Office of Education #1 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 #1 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 inflows of resources.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through February 27, 2014, the date on which the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
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 responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts within the region are properly bonded.

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

For the period ended June 30, 2013, the Regional Office of Education #1 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #1. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #1's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #1 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #1 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 criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #1 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #1 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #1 being considered a component unit of the entity.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #1'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 #1 has one business-type activity that relies on fees and charges for support.

The Regional Office of Education #1'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 #1 accompanied by a total column. These statements are presented using an economic resources measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #1'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 and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating 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 using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., when both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #1; 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, Adams/Pike Counties Regional Office of Education #1 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #1's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #1 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 #1 uses governmental and proprietary funds.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

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

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

The Regional Office of Education #1 reports the following major governmental funds:

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

General Operations – This fund accounts for monies received for expenditures in connection with general administrative activities.

Fingerprinting – This fund accounts for local monies received from school districts to share the cost of criminal background checks for substitute teachers.

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

Miscellaneous Fund – This fund represents accumulated unused grant funds from programs that no longer exist.

Copier Fund – This fund accounts for all expenditures related to copiers.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Postage Fund – This fund accounts for all expenditures related to postage.

School Directory – This fund accounts for all expenditures that are made available to all the districts in the Region.

School Crisis Assistance Team – This program accounts for monies received to assist districts in the Region when a crisis strikes.

Pike County Film Coop – This fund is financed by contributions from the six member schools within Pike County based on an amount equal to \$1.25 per enrolled student.

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

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

Administrator’s Academy – The ROE received a State grant to provide workshops for area teachers.

Regional Office of Prevention Effectiveness Services (ROPES) – This is a State grant to provide substance abuse prevention for youth ages 10-17 in Calhoun, Greene, Cass, and Morgan Counties.

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

Gifted Education – This is a state and local funded grant to train teachers to work with highly intelligent students.

ROE/ISC Operations – This fund accounts for monies for general and administrative expenditures.

State Free Lunch and Breakfast – This program is funded by State monies to provide free breakfast and lunch to eligible needy students enrolled in the Regional Safe Schools Program.

National School Lunch Program – This program is funded by federal grants to provide reimbursement of meals through the school lunch program and free or reduced-price meals for students enrolled in the Regional Safe Schools Program.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

National School Breakfast Program – This program provides breakfasts that meet federal requirements to all children in attendance at the Regional Safe Schools Program.

McKinney Education for Homeless Children – This program is to provide for a local homeless liaison to help homeless students in the Region.

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

Child and Family Connections – This program is provided by the Department of Human Services to fund a program for pre-school children with disabilities.

Workforce Investment Act – This program accounts for grant monies received for expenditures associated with vocational training services and coordination of activities to the economically disadvantaged.

Schools Against Fearful Environment (SAFE) – A program that provides security service from the Sheriff's Department to local school districts.

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

Teachers and Administrators Mentoring Program – A comprehensive mentoring program based on the State-approved induction for the 21st century education model.

Tech Prep Additional – This program funds a college sponsored workshop for technology teacher education.

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

Early Childhood Education Initiative – This program is to try to have a learning impact on preschool age children to increase their ability to succeed in school.

ARRA – General State Aid – This program is used to support payments of the General State Aid program to the Regional Office.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

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

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

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

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

PROPRIETARY FUNDS

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional Office of Education #1 reports the following enterprise funds:

Local Workshops – This program accounts for monies received for the general operations of workshops and the administrator's academy.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
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, due to either their form or legal restrictions. The Regional Office of Education #1 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute Funds. The following Education Fund accounts are restricted by grantor or donor restrictions: State Free Lunch and Breakfast, National School Breakfast Program, and System of Support.

Committed Fund Balance - The portion of a Governmental Fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #1 has no committed fund balances.

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 General Fund accounts have assigned fund balances: Fingerprinting, School Directory, School Crisis Assistance Team, and Pike County Film Coop.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balance of the following accounts are comprised of unassigned fund balances: General Operations, General State Aid, Miscellaneous, Copier, Postage, Regional Office of Prevention Effectiveness Services, and Child and Family Connections.

J. NET POSITION

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

Invested in capital assets – Consists of capital assets, net of accumulated depreciation.

Restricted net position – Consists of net position with constraints placed on its 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 does not meet the definition of “restricted” or “invested in capital assets.”

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. CASH AND CASH EQUIVALENTS

The Regional Office of Education #1 considers cash on hand, checking accounts, savings accounts, and investments with an original maturity date of less than three months to be cash and cash equivalents. As of June 30, 2013, cash and cash equivalents consisted of cash on deposit.

L. INVENTORY

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

M. 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.

N. CAPITAL ASSETS

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

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

Office equipment and furniture	5-10 years
Computer equipment	3 years
Software and licenses	2 years

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. COMPENSATED ABSENCES

Full-time employees can earn from 10 to 20 vacation days for a full year of service. At the end of the fiscal year, accumulated and carried forward vacation time can be up to 10 days. Employee vacation pay is recorded when paid. Upon termination, employees do not receive accrued vacation pay, and therefore no liability is recorded.

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

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

P. BUDGET INFORMATION

The Regional Office of Education #1 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Office of Prevention Effectiveness Services (ROPES), Truants Alternative and Optional Education, ROE/ISC Operations, McKinney Education for Homeless Children, Regional Safe Schools, Child and Family Connections, Workforce Investment Act, and Title II – Teacher Quality.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Regional Office of Education #1 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7. It is the policy of the Regional Office to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Regional Office and conforming to all State statutes governing the investment of public funds. This policy includes all funds under the care and control of the Regional Superintendent of Schools.

A. DEPOSITS

At June 30, 2013, the carrying amount of the Regional Office of Education #1's government-wide deposits were \$525,356 and the bank balances were \$600,199. Of the total bank balances as of June 30, 2013, \$271,151 was insured by Federal Depository Insurance Corporation, \$328,404 was collateralized by securities pledged by the Regional Office of Education #1's financial institution in the name of the Regional Office, and \$644 was invested in the Illinois Funds Money Market Fund.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #1's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office.

B. INVESTMENTS

The Regional Office of Education #1 has a formal investment policy that permits it to invest only in certain instruments, including, among others, securities guaranteed by the full faith and credit of the United States of America as to principal and interest; bonds, notes, and similar obligations of the United States of America; interest-bearing deposits or other direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1 et seq.; short-term obligations of U.S. corporations with assets exceeding \$500,000,000 if they are rated at the time of purchase at one of the three highest classifications by at least two standard rating services, if they do not exceed 10% of the corporation's outstanding obligations, and if no more than one-third of the Regional Office's funds are invested in commercial paper; and certain money market mutual funds registered under the Federal Investment Company Act of 1940, 14 U.S.C. ¶ 80a-1 et seq. As of June 30, 2013, the Regional Office of Education #1 had deposits totaling \$644 in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

CREDIT RISK

At June 30, 2013, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor, and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

CONCENTRATION OF CREDIT RISK

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

INTEREST RATE RISK

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #1 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities				
Capital assets being depreciated:				
Office furniture	\$ 23,272	\$ -	\$ -	\$ 23,272
Office equipment	274,386	7,585	-	281,971
Total capital assets being depreciated	<u>297,658</u>	<u>7,585</u>	<u>-</u>	<u>305,243</u>
Less accumulated depreciation:				
Office furniture	(23,157)	(115)	-	(23,272)
Office equipment	(248,131)	(14,044)	-	(262,175)
Total accumulated depreciation	<u>(271,288)</u>	<u>(14,159)</u>	<u>-</u>	<u>(285,447)</u>
Governmental Activities -				
Investment in Capital Assets	<u>\$ 26,370</u>	<u>\$ (6,574)</u>	<u>\$ -</u>	<u>\$ 19,796</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$14,159 was charged to the governmental activities 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 4 – DEFINED-BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #1'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 #1'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.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Concluded)

Funding Policy. As set by statute, the Regional Office of Education #1’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 11.97 percent. The employer also contributes for disability benefits, death benefits, and supplementary 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. The required contribution for calendar year 2012 was \$57,431.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$57,431	100%	\$0
12/31/11	61,843	100%	0
12/31/10	68,389	100%	0

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 percent 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 #1’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 #1’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 91.59 percent funded. The actuarial accrued liability for benefits was \$1,160,845 and the actuarial value of assets was \$1,063,223, resulting in an underfunded actuarial accrued liability (UAAL) of \$97,622. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$479,792 and the ratio of the UAAL to the covered payroll was 20 percent.

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.

ADAMS/PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 5 – RISK MANAGEMENT

The Regional Office of Education #1 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #1 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 6 – OPERATING LEASES

The Regional Office of Education #1 leased office space at 510 Maine Street, Quincy, Illinois, for \$800 per month. The lease term began on July 1, 2012, and ended on June 30, 2013. The Regional Office leases office equipment for \$131 per month with the lease ending on July 31, 2013. Two copiers are leased for \$64 per month and \$116 per month with leases ending on December 13, 2013 and May 14, 2014, respectively. The Regional Office also leases a postage meter for \$66 per month; the lease agreement runs through September 30, 2013.

Total office lease expense was \$9,600 and equipment lease expense was \$4,472 for the year ended June 30, 2013. Future minimum rentals are as follows for the years ending June 30:

2014	\$	1,894
2015		-
2016		-
2017		-
2018		-
Total	<u>\$</u>	<u>1,894</u>

NOTE 7 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2013, consist of the following individual due to/from other funds in the governmental fund Balance Sheet and proprietary funds Statement of Net Position. These balances, except for those activities between governmental funds and business-type funds, were eliminated in the government-wide Statement of Net Position.

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 111,514	\$ -
Education Fund	-	111,514
	<u>\$ 111,514</u>	<u>\$ 111,514</u>

ADAMS/PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 7 – INTERFUND ACTIVITY (Concluded)

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2013, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	Transfer In	Transfer Out
General Funds	\$ 2,495	\$ 10,164
Education Funds	10,164	2,495
	\$ 12,659	\$ 12,659

NOTE 8 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #1’s General Fund, Education Fund, and Proprietary Fund have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

General Fund	
Local Governments	\$ 3,450
Education Fund	
Local Governments	27,166
Illinois State Board of Education	12,967
Illinois Department of Human Services	40,329
Proprietary Fund	
Local Governments	2,700
Total Due from Other Governments	\$ 86,612

Due to Other Governments:

Education Fund	
Local Governments	\$ 3,808
Illinois State Board of Education	329
Illinois Department of Human Services	72
Total Due to Other Governments	\$ 4,209

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #1:

Regional Superintendent Salary	\$ 103,032
Assistant Regional Superintendent Salary	92,736
Regional Superintendent Benefits (includes State-paid insurance)	24,322
Assistant Regional Superintendent Benefits (includes State-paid insurance)	34,100
TRS Pension Contributions	<u>54,912</u>
Total	<u>\$ 309,102</u>

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

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

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

The Regional Office of Education #1 allows employees, who retire through the Regional Office of Education #1, the option to continue in the Regional Office of Education #1’s health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education #1’s health insurance plan is considered a community rated plan. In addition, the ROE #1 has no explicit subsidy as defined in GASB S-45.

NOTE 11 – RECLASSIFICATIONS AND RESTATEMENT

The following reclassifications and restatement were made in the current year:

- The Local Workshops program has been reclassified from a general fund to an enterprise fund.
- The Pike County Film Coop has been reclassified from a special revenue fund to a general fund.
- Unspent grant funds have accumulated in the McKinney Education for Homeless Children program and was not recorded as due back to the grantor. A prior-period adjustment has been made to properly reflect the balance of this unspent funding as a liability.

The following is the effect of the reclassifications and the restatement on the beginning net position for the Governmental Activities, the beginning fund balances of the General Fund, the beginning net position for the Business-Type Activities, the beginning fund balances of the Nonmajor Enterprise Funds, the beginning fund balances of the Nonmajor Special Revenue Funds, and the beginning fund balance of the Education Fund.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – RESTATEMENT (Concluded)

Governmental Activities Net Position:

Net Position - July 1, 2012	\$ 577,873
Effect of prior-period adjustment to reallocate program	(48,951)
Effect of prior-period adjustment to send back funds	(2,539)
Net Position, Restated - July 1, 2012	<u>\$ 526,383</u>

General Fund:

Fund Balance - July 1, 2012	\$ 503,816
Effect of prior-period adjustment to reallocate program	(48,951)
Effect of prior-period adjustment to reallocate program	4,322
Fund Balance, Restated - July 1, 2012	<u>\$ 459,187</u>

Business-Type Activities Net Position:

Net Position - July 1, 2012	\$ -
Effect of prior-period adjustment to reallocate program	48,951
Net Position, Restated - July 1, 2012	<u>\$ 48,951</u>

Nonmajor Enterprise Funds:

Fund Balance - July 1, 2012	\$ -
Effect of prior-period adjustment to reallocate program	48,951
Fund Balance, Restated - July 1, 2012	<u>\$ 48,951</u>

Nonmajor Special Revenue Funds:

Fund Balance - July 1, 2012	\$ 76,148
Effect of prior-period adjustment to reallocate program	(4,322)
Fund Balance, Restated - July 1, 2012	<u>\$ 71,826</u>

Education Fund:

Fund Balance - July 1, 2012	\$ (28,461)
Effect of prior-period adjustment to send back funds	(2,539)
Fund Balance, Restated - July 1, 2012	<u>\$ (31,000)</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which overexpend appropriations during the year are required to be disclosed. The following funds had fund deficits as of June 30, 2013:

<u>Fund</u>	<u>Amount</u>
Education Fund	
Regional Office of Prevention Effectiveness	
Services (ROPES)	\$ 4,629
Child and Family Connections	70,493

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
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	\$ 1,063,223	\$ 1,160,845	\$ 97,622	91.59%	\$ 479,792	20.35%
12/31/11	967,091	1,107,033	139,942	87.36%	520,561	26.88%
12/31/10	947,920	1,124,184	176,264	84.32%	577,126	30.54%

On a market value basis, the actuarial value of assets as of December 31, 2012, is \$1,097,267.

On a market basis, the funded ratio would be 94.52%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Adams Pike ROE #1. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

OTHER SUPPLEMENTARY INFORMATION

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2013

	General Operations	Fingerprinting	General State Aid	Miscellaneous Fund	Copier Fund
ASSETS					
Cash and cash equivalents	\$ 6,045	\$ 13,458	\$ 213,152	\$ 70,522	\$ 15,256
Due from other funds	-	-	111,514	-	-
Due from other governments					
Local	-	3,450	-	-	-
TOTAL ASSETS	\$ 6,045	\$ 16,908	\$ 324,666	\$ 70,522	\$ 15,256
LIABILITIES					
Accounts payable	\$ 516	\$ 49	-	\$ 701	-
Total Liabilities	516	49	-	701	-
FUND BALANCE					
Assigned	-	16,859	-	-	-
Unassigned	5,529	-	324,666	69,821	15,256
Total Fund Balance	5,529	16,859	324,666	69,821	15,256
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,045	\$ 16,908	\$ 324,666	\$ 70,522	\$ 15,256

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2013

	Postage Fund	School Directory	School Crisis Assistance Team	Pike County Film Coop	TOTALS
ASSETS					
Cash and cash equivalents	\$ 6,295	\$ 15,171	\$ 986	\$ 2,932	\$ 343,817
Due from other funds	-	-	-	-	111,514
Due from other governments					
Local	-	-	-	-	3,450
TOTAL ASSETS	<u>\$ 6,295</u>	<u>\$ 15,171</u>	<u>\$ 986</u>	<u>\$ 2,932</u>	<u>\$ 458,781</u>
LIABILITIES					
Accounts payable	\$ -	\$ 53	\$ -	\$ -	\$ 1,319
Total Liabilities	-	53	-	-	1,319
FUND BALANCE					
Assigned	-	15,118	986	2,932	35,895
Unassigned	6,295	-	-	-	421,567
Total Fund Balance	<u>6,295</u>	<u>15,118</u>	<u>986</u>	<u>2,932</u>	<u>457,462</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,295</u>	<u>\$ 15,171</u>	<u>\$ 986</u>	<u>\$ 2,932</u>	<u>\$ 458,781</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	General Operations	Fingerprinting	General State Aid	Miscellaneous Fund	Copier Fund
REVENUES					
Local sources	\$ 110,208	\$ 26,127	\$ -	\$ 20,090	\$ 3,523
State sources	-	-	272,433	-	-
On-behalf payments - State	-	-	309,102	-	-
Total Revenues	<u>110,208</u>	<u>26,127</u>	<u>581,535</u>	<u>20,090</u>	<u>3,523</u>
EXPENDITURES					
Salaries and benefits	103,802	-	-	4,384	-
Purchased services	1,447	24,437	2,811	29,015	-
Supplies and materials	-	-	-	1,750	(287)
Other objects	-	-	-	-	-
Payments to governments	-	-	259,457	-	-
On-behalf expenditures - State	-	-	309,102	-	-
Total Expenditures	<u>105,249</u>	<u>24,437</u>	<u>571,370</u>	<u>35,149</u>	<u>(287)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,959</u>	<u>1,690</u>	<u>10,165</u>	<u>(15,059)</u>	<u>3,810</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,494	-	1	-	-
Transfers out	-	-	(10,164)	-	-
Interest income	-	32	1,266	191	37
Total Other Financing Sources (Uses)	<u>2,494</u>	<u>32</u>	<u>(8,897)</u>	<u>191</u>	<u>37</u>
NET CHANGE IN FUND BALANCE	7,453	1,722	1,268	(14,868)	3,847
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 11)	<u>(1,924)</u>	<u>15,137</u>	<u>323,398</u>	<u>84,689</u>	<u>11,409</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 5,529</u>	<u>\$ 16,859</u>	<u>\$ 324,666</u>	<u>\$ 69,821</u>	<u>\$ 15,256</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Postage Fund	School Directory	School Crisis Assistance Team	Pike County Film Coop	TOTALS
REVENUES					
Local sources	\$ 832	\$ 6,717	\$ -	\$ -	\$ 167,497
State sources	-	-	-	-	272,433
On-behalf payments - State	-	-	-	-	309,102
Total Revenues	<u>832</u>	<u>6,717</u>	<u>-</u>	<u>-</u>	<u>749,032</u>
EXPENDITURES					
Salaries and benefits	-	-	-	-	108,186
Purchased services	1,665	1,668	-	58	61,101
Supplies and materials	-	-	-	1,336	2,799
Other objects	-	4,031	-	-	4,031
Payments to governments	-	-	-	-	259,457
On-behalf expenditures - State	-	-	-	-	309,102
Total Expenditures	<u>1,665</u>	<u>5,699</u>	<u>-</u>	<u>1,394</u>	<u>744,676</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(833)</u>	<u>1,018</u>	<u>-</u>	<u>(1,394)</u>	<u>4,356</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	2,495
Transfers out	-	-	-	-	(10,164)
Interest income	15	41	2	4	1,588
Total Other Financing Sources (Uses)	<u>15</u>	<u>41</u>	<u>2</u>	<u>4</u>	<u>(6,081)</u>
NET CHANGE IN FUND BALANCE	<u>(818)</u>	<u>1,059</u>	<u>2</u>	<u>(1,390)</u>	<u>(1,725)</u>
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 11)	<u>7,113</u>	<u>14,059</u>	<u>984</u>	<u>4,322</u>	<u>459,187</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 6,295</u>	<u>\$ 15,118</u>	<u>\$ 986</u>	<u>\$ 2,932</u>	<u>\$ 457,462</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	Administrators Academy	Regional Office of Prevention Effectiveness Services (ROPES)	Truants Alternative and Optional Education	Gifted Education	ROE/ISC Operations
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments:					
Local	1,716	-	-	-	-
State	-	-	4,201	-	2,267
Federal	-	6,491	-	-	-
TOTAL ASSETS	\$ 1,716	\$ 6,491	\$ 4,201	\$ -	\$ 2,267
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,716	11,048	4,201	-	1,966
Due to other governments:					
Local	-	-	-	-	-
State	-	-	-	-	301
Federal	-	72	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	1,716	11,120	4,201	-	2,267
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	-	-
Unassigned	-	(4,629)	-	-	-
Total Fund Balance (Deficit)	-	(4,629)	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 1,716	\$ 6,491	\$ 4,201	\$ -	\$ 2,267

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	State Free Lunch and Breakfast	National School Lunch Program	National School Breakfast Program	McKinney Education for Homeless Children	Regional Safe Schools
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 28
Due from other governments:					
Local	-	-	-	4,339	-
State	89	-	-	-	-
Federal	-	1,269	441	-	-
TOTAL ASSETS	\$ 89	\$ 1,269	\$ 441	\$ 4,339	\$ 28
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	1,800	-
Due to other governments:					
Local	-	1,269	-	2,539	-
State	-	-	-	-	28
Federal	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	-	1,269	-	4,339	28
FUND BALANCE (DEFICIT)					
Restricted	89	-	441	-	-
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	89	-	441	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 89	\$ 1,269	\$ 441	\$ 4,339	\$ 28

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	Child and Family Connections	Workforce Investment Act	Schools Against Fearful Environment (SAFE)	System of Support	Teachers and Administrators Mentoring Program
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 50,932	\$ 4,384	\$ -
Due from other governments:					
Local	-	13,611	-	5,521	-
State	33,838	-	-	-	-
Federal	-	-	-	-	-
TOTAL ASSETS	\$ 33,838	\$ 13,611	\$ 50,932	\$ 9,905	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 50,932	\$ 4,400	\$ -
Due to other funds	70,493	13,611	-	-	-
Due to other governments:					
Local	-	-	-	-	-
State	-	-	-	-	-
Federal	-	-	-	-	-
Unearned revenue	33,838	-	-	-	-
Total Liabilities	104,331	13,611	50,932	4,400	-
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	5,505	-
Unassigned	(70,493)	-	-	-	-
Total Fund Balance (Deficit)	(70,493)	-	-	5,505	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 33,838	\$ 13,611	\$ 50,932	\$ 9,905	\$ -

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	Tech Prep Additional	Title II - Teacher Quality	Early Childhood Education Initiative	ARRA - General State Aid	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 55,344
Due from other governments:					
Local	-	-	1,979	-	27,166
State	-	-	-	-	40,395
Federal	-	4,700	-	-	12,901
TOTAL ASSETS	\$ -	\$ 4,700	\$ 1,979	\$ -	\$ 135,806
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 55,332
Due to other funds	-	4,700	1,979	-	111,514
Due to other governments:					
Local	-	-	-	-	3,808
State	-	-	-	-	329
Federal	-	-	-	-	72
Unearned revenue	-	-	-	-	33,838
Total Liabilities	-	4,700	1,979	-	204,893
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	-	6,035
Unassigned	-	-	-	-	(75,122)
Total Fund Balance (Deficit)	-	-	-	-	(69,087)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ 4,700	\$ 1,979	\$ -	\$ 135,806

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Administrators Academy	Regional Office of Prevention Effectiveness Services (ROPES)	Truants Alternative and Optional Education	Gifted Education	ROE/ISC Operations
REVENUES					
Local sources	\$ 20,000	\$ -	\$ -	\$ -	\$ -
State sources	-	-	56,201	-	27,018
Federal sources	-	62,341	-	-	-
Total Revenues	<u>20,000</u>	<u>62,341</u>	<u>56,201</u>	<u>-</u>	<u>27,018</u>
EXPENDITURES					
Salaries and benefits	19,997	51,592	50,913	-	18,074
Purchased services	3	9,574	4,899	-	8,100
Supplies and materials	-	1,175	389	-	844
Other objects	-	-	-	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>20,000</u>	<u>62,341</u>	<u>56,201</u>	<u>-</u>	<u>27,018</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(66)	(124)	-
Interest income	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(66)</u>	<u>(124)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(66)	(124)	-
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 11)	<u>-</u>	<u>(4,629)</u>	<u>66</u>	<u>124</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ (4,629)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	State Free Lunch and Breakfast	National School Lunch Program	National School Breakfast Program	McKinney Education for Homeless Children	Regional Safe Schools
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	432	-	-	-	75,287
Federal sources	-	14,652	5,932	11,712	-
Total Revenues	<u>432</u>	<u>14,652</u>	<u>5,932</u>	<u>11,712</u>	<u>75,287</u>
EXPENDITURES					
Salaries and benefits	-	-	-	10,101	5,000
Purchased services	-	-	-	657	-
Supplies and materials	-	-	-	954	-
Other objects	-	-	-	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	395	14,652	5,491	-	70,287
Total Expenditures	<u>395</u>	<u>14,652</u>	<u>5,491</u>	<u>11,712</u>	<u>75,287</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>37</u>	<u>-</u>	<u>441</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(2,256)
Interest income	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,256)</u>
NET CHANGE IN FUND BALANCE	37	-	441	-	(2,256)
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 11)	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,256</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 89</u>	<u>\$ -</u>	<u>\$ 441</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Child and Family Connections	Workforce Investment Act	Schools Against Fearful Environment (SAFE)	System of Support	Teachers and Administrators Mentoring Program
REVENUES					
Local sources	\$ -	\$ -	\$ 40,655	\$ -	\$ -
State sources	296,379	-	-	-	-
Federal sources	110,921	31,998	-	24,059	-
Total Revenues	<u>407,300</u>	<u>31,998</u>	<u>40,655</u>	<u>24,059</u>	<u>-</u>
EXPENDITURES					
Salaries and benefits	326,294	29,688	-	22,267	-
Purchased services	79,457	1,510	-	9,224	-
Supplies and materials	6,132	-	-	163	-
Other objects	21,670	800	21	-	-
Capital outlay	7,585	-	-	-	-
Payments to other governments	-	-	45,587	-	-
Total Expenditures	<u>441,138</u>	<u>31,998</u>	<u>45,608</u>	<u>31,654</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(33,838)</u>	<u>-</u>	<u>(4,953)</u>	<u>(7,595)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	10,164	-	-
Transfers out	-	-	-	-	(1)
Interest income	-	-	134	18	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>10,298</u>	<u>18</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCE	<u>(33,838)</u>	<u>-</u>	<u>5,345</u>	<u>(7,577)</u>	<u>(1)</u>
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 11)	<u>(36,655)</u>	<u>-</u>	<u>(5,345)</u>	<u>13,082</u>	<u>1</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ (70,493)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,505</u></u>	<u><u>\$ -</u></u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Tech Prep Additional	Title II - Teacher Quality	Early Childhood Education Initiative	ARRA - General State Aid	Total
REVENUES					
Local sources	\$ -	\$ -	\$ 1,979	\$ -	\$ 62,634
State sources	-	-	-	-	455,317
Federal sources	-	4,700	-	-	266,315
Total Revenues	-	4,700	1,979	-	784,266
EXPENDITURES					
Salaries and benefits	-	200	1,979	-	536,105
Purchased services	-	4,500	-	-	117,924
Supplies and materials	-	-	-	-	9,657
Other objects	-	-	-	-	22,491
Capital outlay	-	-	-	-	7,585
Payments to other governments	-	-	-	-	136,412
Total Expenditures	-	4,700	1,979	-	830,174
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	(45,908)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	10,164
Transfers out	(47)	-	-	(1)	(2,495)
Interest income	-	-	-	-	152
Total Other Financing Sources (Uses)	(47)	-	-	(1)	7,821
NET CHANGE IN FUND BALANCE	(47)	-	-	(1)	(38,087)
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 11)	47	-	-	1	(31,000)
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ -	\$ -	\$ -	\$ (69,087)

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL OFFICE OF PREVENTION EFFECTIVENESS SERVICES (ROPES)
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 70,000	\$ 70,000	\$ 62,341
Total Revenue	<u>70,000</u>	<u>70,000</u>	<u>62,341</u>
EXPENDITURES			
Salaries and benefits	51,650	51,650	51,592
Purchased services	15,750	15,750	9,574
Supplies and materials	2,600	2,600	1,175
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>62,341</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE (DEFICIT) - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>(4,629)</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ (4,629)</u></u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 56,201	\$ 56,201	\$ 56,201
Total Revenue	<u>56,201</u>	<u>56,201</u>	<u>56,201</u>
EXPENDITURES			
Salaries and benefits	48,417	48,417	50,913
Purchased services	7,284	7,284	4,899
Supplies and materials	500	500	389
Total Expenditures	<u>56,201</u>	<u>56,201</u>	<u>56,201</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES:			
Transfers out	-	-	(66)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>(66)</u>
NET CHANGE IN FUND BALANCE	-	-	(66)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>66</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 27,318	\$ 27,318	\$ 27,018
Total Revenue	<u>27,318</u>	<u>27,318</u>	<u>27,018</u>
EXPENDITURES			
Salaries and benefits	17,130	17,130	18,074
Purchased services	9,488	9,488	8,100
Supplies and materials	700	700	844
Total Expenditures	<u>27,318</u>	<u>27,318</u>	<u>27,018</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ADAMS/PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 11,213	\$ 11,213	\$ 11,712
Total Revenue	<u>11,213</u>	<u>11,213</u>	<u>11,712</u>
EXPENDITURES			
Salaries and benefits	9,383	9,383	10,101
Purchased services	1,230	1,230	657
Supplies and materials	600	600	954
Total Expenditures	<u>11,213</u>	<u>11,213</u>	<u>11,712</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS (12-3696-01)
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 75,758	\$ 75,758	\$ 15,758
Total Revenue	<u>75,758</u>	<u>75,758</u>	<u>15,758</u>
EXPENDITURES			
Salaries and benefits	5,000	5,000	-
Payments to other governments	70,758	70,758	15,758
Total Expenditures	<u>75,758</u>	<u>75,758</u>	<u>15,758</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES:			
Transfer out	<u>-</u>	<u>-</u>	<u>(2,256)</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>(2,256)</u>
NET CHANGE IN FUND BALANCE	-	-	(2,256)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>2,256</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because only part of the grant was received and expended in the current fiscal year; the remainder was spent in the prior year.

ADAMS/PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 REGIONAL SAFE SCHOOLS (13-3696-01)
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 59,529	\$ 59,529	\$ 59,529
Total Revenue	<u>59,529</u>	<u>59,529</u>	<u>59,529</u>
EXPENDITURES			
Salaries and benefits	5,000	5,000	5,000
Payments to other governments	54,529	54,529	54,529
Total Expenditures	<u>59,529</u>	<u>59,529</u>	<u>59,529</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
CHILD AND FAMILY CONNECTIONS
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 444,401	\$ 444,401	\$ 296,379
Federal sources	-	-	110,921
Total Revenue	<u>444,401</u>	<u>444,401</u>	<u>407,300</u>
EXPENDITURES			
Salaries and benefits	308,704	308,704	326,294
Purchased services	100,204	100,204	79,457
Supplies and materials	5,242	5,242	6,132
Other objects	22,666	22,666	21,670
Capital outlay	7,585	7,585	7,585
Total Expenditures	<u>444,401</u>	<u>444,401</u>	<u>441,138</u>
NET CHANGE IN FUND BALANCE	-	-	(33,838)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(36,655)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (70,493)</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
WORKFORCE INVESTMENT ACT
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 32,000	\$ 32,000	\$ 31,998
Total Revenue	<u>32,000</u>	<u>32,000</u>	<u>31,998</u>
EXPENDITURES			
Salaries and benefits	28,415	28,415	29,688
Purchased services	1,500	1,500	1,510
Other objects	2,085	2,085	800
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>31,998</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ADAMS/PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TITLE II - TEACHER QUALITY
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 4,700	\$ 4,700	\$ 4,700
Total Revenue	<u>4,700</u>	<u>4,700</u>	<u>4,700</u>
EXPENDITURES			
Salaries and benefits	200	200	200
Purchased services	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>
Total Expenditures	<u>4,700</u>	<u>4,700</u>	<u>4,700</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Institute</u>	<u>TOTALS</u>
ASSETS				
Cash and cash equivalents	\$ 14,942	\$ 18,414	\$ 45,221	\$ 78,577
TOTAL ASSETS	<u>\$ 14,942</u>	<u>\$ 18,414</u>	<u>\$ 45,221</u>	<u>\$ 78,577</u>
LIABILITIES				
Accounts payable	\$ 9	\$ -	\$ -	\$ 9
Total Liabilities	<u>9</u>	<u>-</u>	<u>-</u>	<u>9</u>
FUND BALANCES				
Restricted	14,933	18,414	45,221	78,568
Total Fund Balances	<u>14,933</u>	<u>18,414</u>	<u>45,221</u>	<u>78,568</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,942</u>	<u>\$ 18,414</u>	<u>\$ 45,221</u>	<u>\$ 78,577</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Education Development	Bus Driver Training	Institute	TOTALS
REVENUES				
Local sources	\$ 20,221	\$ 2,646	\$ 22,591	\$ 45,458
State sources	-	852	-	852
Total Revenues	<u>20,221</u>	<u>3,498</u>	<u>22,591</u>	<u>46,310</u>
EXPENDITURES				
Salaries and benefits	-	-	3,822	3,822
Purchased services	12,660	1,230	362	14,252
Supplies and materials	6,180	-	-	6,180
Other objects	339	441	14,693	15,473
Total Expenditures	<u>19,179</u>	<u>1,671</u>	<u>18,877</u>	<u>39,727</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,042</u>	<u>1,827</u>	<u>3,714</u>	<u>6,583</u>
OTHER FINANCING SOURCES				
Interest income	<u>40</u>	<u>37</u>	<u>82</u>	<u>159</u>
Total Other Financing Sources	<u>40</u>	<u>37</u>	<u>82</u>	<u>159</u>
NET CHANGE IN FUND BALANCE	1,082	1,864	3,796	6,742
FUND BALANCE - BEGINNING, Restated (See Note 11)	<u>13,851</u>	<u>16,550</u>	<u>41,425</u>	<u>71,826</u>
FUND BALANCE - ENDING	<u>\$ 14,933</u>	<u>\$ 18,414</u>	<u>\$ 45,221</u>	<u>\$ 78,568</u>