

**State of Illinois**  
**BOONE/WINNEBAGO COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #4**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act**  
**and OMB Circular A-133)**  
**For the Year Ended June 30, 2013**

**Performed as Special Assistant Auditors**  
**For the Office of the Auditor General**

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2013

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BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2013

OFFICIALS

Regional Superintendent  
(Current and During the Audit Period)

Dr. Lori Fanello

Assistant Regional Superintendent  
(Current and During the Audit Period)

Dr. Linda Oshita

Office is located at:

300 Heart Blvd.  
Loves Park, IL 61111-7516

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2013

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports on compliance and on internal controls 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	2	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	2

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

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

2013-001	14a	Controls over Financial Statement Preparation	Material Weakness
2013-002	14c	Insufficient Collateralization of Bank Deposits	Noncompliance

FINDINGS AND QUESTIONED COSTS (*FEDERAL COMPLIANCE*)

None

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2013

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

12-02	17	Subrecipient Monitoring and Reporting	Significant Deficiency and Noncompliance
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EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on November 21, 2013. Attending were Dr. Lori Fanello, Regional Superintendent; Dr. Linda Oshita, Assistant Regional Superintendent; Cyndy Sheetz, Administrative Assistant; Renee Barker, KIDS Bookkeeper; Karen Kennedy, Grants Bookkeeper; and Tami Knight, CPA, Kemper CPA Group, LLP. Responses to the recommendations were provided by Dr. Lori Fanello, Regional Superintendent.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2013

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Boone/Winnebago Counties Regional Office of Education #4 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 #4'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 Boone/Winnebago Counties Regional Office of Education #4, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Boone/Winnebago Counties Regional Office of Education #4'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 Boone/Winnebago Counties Regional Office of Education #4, 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, Illinois Municipal Retirement Fund Schedule of Funding Progress, and Other Postemployment Benefits – Health Insurance Plan for Retired Employees Schedule of Funding Progress on pages 18a through 18f and 57 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 Boone/Winnebago Counties Regional Office of Education #4's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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, budgetary comparison schedules, and Schedule of Expenditures of Federal Awards 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, budgetary comparison schedules, and Schedule of Expenditures of Federal Awards 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 28, 2014, on our consideration of the Boone/Winnebago Counties Regional Office of Education #4'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 Boone/Winnebago Counties Regional Office of Education #4's internal control over financial reporting and compliance.

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
February 28, 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 Boone/Winnebago Counties Regional Office of Education #4, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Boone/Winnebago Counties Regional Office of Education #4's basic financial statements and have issued our report thereon dated February 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boone/Winnebago Counties Regional Office of Education #4'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 Boone/Winnebago Counties Regional Office of Education #4's internal control. Accordingly, we do not express an opinion on the effectiveness of Boone/Winnebago Counties Regional Office of Education #4'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 Questioned Costs, we identified a certain 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 Questioned Costs as item 2013-001 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boone/Winnebago Counties Regional Office of Education #4's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002.

#### Regional Office of Education #4's Responses to Findings

Boone/Winnebago Counties Regional Office of Education #4's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Boone/Winnebago Counties Regional Office of Education #4's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the responses.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Boone/Winnebago Counties Regional Office of Education #4's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boone/Winnebago Counties Regional Office of Education #4'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 28, 2014



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable William G. Holland  
Auditor General  
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Boone/Winnebago Counties Regional Office of Education #4's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Boone/Winnebago Counties Regional Office of Education #4's major federal programs for the year ended June 30, 2013. Boone/Winnebago Counties Regional Office of Education #4's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Boone/Winnebago Counties Regional Office of Education #4's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boone/Winnebago Counties Regional Office of Education #4's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Boone/Winnebago Counties Regional Office of Education #4's compliance.

#### Opinion on Each Major Federal Program

In our opinion, the Boone/Winnebago Counties Regional Office of Education #4 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

#### Report on Internal Control over Compliance

Management of Boone/Winnebago Counties Regional Office of Education #4 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Boone/Winnebago Counties Regional Office of Education #4's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boone/Winnebago Counties Regional Office of Education #4's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
February 28, 2014

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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?	Yes

**Federal Awards**

Internal control over major programs:	
● Material weaknesses identified?	No
● Significant deficiencies identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

Identification of **major** programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.010A	Title I - Grants to Local Educational Agencies (Title I – School Improvement and Accountability)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?	No
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**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 2013-001 – Controls over Financial Statement Preparation (Repeat of Finding 12-01, 11-01, and 10-01)**

**Criteria/Specific Requirement:**

The Regional Office of Education #4 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

**Condition:**

The Regional Office of Education #4 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, in our review of the Regional Office's accounting records, we noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue and made entries to record them, not all accounts payable, accounts receivable, and deferred revenue were correctly recorded.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**Finding No. 2013-001 – Controls over Financial Statement Preparation (Repeat of Finding 12-01, 11-01, and 10-01) (Concluded)**

**Cause:**

Current funding levels are not adequate to hire and/or train accounting personnel in order to comply with these requirements.

**Auditor's Recommendation:**

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #4 should implement a comprehensive preparation and/or review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Office of Education #4 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. However, the Regional Office has also expended time and resources to remedy conditions underlying this finding. The Regional Office has implemented staffing changes to provide more checks and balances to our accounting processes and contracted with an outside Software Specialist to bring our accounting system into compliance with ISBE accounting standards and to train our staff. We will continue to work with the Software Specialist to ascertain our accounting program is up to date and our staff possesses the knowledge required to compile the necessary GAAP-based financial statements.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**Finding No. 2013-002 – Insufficient Collateralization of Bank Deposits**

**Criteria/Specific Requirement:**

The Regional Office's investment policy indicates that it follows the Illinois Public Funds Investment Act (30 ILCS 235/1 et. seq.) (Act). The Act gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #4's name. In addition, prudent business practice requires that all cash and investments held by the financial institutions for the Regional Office be adequately covered by depository insurance or collateral.

**Condition:**

At June 30, 2013, \$1,451,208 of the Regional Office of Education #4's \$4,688,899 cash deposited with financial institutions was uncollateralized and uninsured.

**Effect:**

Uncollateralized and uninsured bank deposits are subject to custodial credit risk, which is the risk that, in the event of bank failure, the Regional Office of Education #4's deposits may not be returned to it.

**Cause:**

The financial institution and the Regional Office failed to monitor deposit and collateral balances.

**Auditor's Recommendation:**

The Regional Office of Education #4 should monitor collateral balances throughout the year to ensure sufficient collateral is held to secure its bank deposits.

**Management's Response:**

The Regional Office of Education #4 contacted our bank, which raised the collateralization amount to sufficiently cover our monies. The Regional Office of Education #4, together with a representative from the bank, will continue to monitor the collateralization.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SECTION III –FEDERAL AWARD FINDINGS**

**INSTANCES OF NONCOMPLIANCE:**

None

**SIGNIFICANT DEFICIENCIES:**

None

**MATERIAL WEAKNESSES:**

None

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Corrective Action Plan**

**Finding No. 2013-001 – Controls over Financial Statement Preparation**

**Condition:**

The Regional Office of Education #4 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, in our review of the Regional Office's accounting records, we noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue and made entries to record them, not all accounts payable, accounts receivable, and deferred revenue were correctly recorded.

**Plan:**

The Regional Office of Education #4 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. However, the Regional Office will continue to work with the Software Specialist to ascertain our accounting program is up to date and our staff possesses the knowledge required to compile the necessary GAAP-based financial statements.

**Anticipated Date of Completion:**

Ongoing

**Contact Person Responsible for Corrective Action:**

Honorable Lori Fanello, Regional Superintendent of Schools

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Corrective Action Plan (Concluded)**

**Finding No. 2013-002 – Insufficient Collateralization of Bank Deposits**

**Condition:**

At June 30, 2013, \$1,451,208 of the Regional Office of Education #4's \$4,688,899 cash deposited with financial institutions was uncollateralized and uninsured.

**Plan:**

The Regional Office of Education #4 contacted our bank as soon as we became aware of the problem, and the bank raised the collateralization amount to sufficiently cover our monies. The Regional Office of Education #4, together with a representative from the bank, will continue to monitor the collateralization.

**Anticipated Date of Completion:**

November 30, 2013

**Contact Person Responsible for Corrective Action:**

Honorable Lori Fanello, Regional Superintendent of Schools

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
12-01	Controls over Financial Statement Preparation	Repeated as 2013-001
12-02	Subrecipient Monitoring and Reporting	Corrected

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

The Boone/Winnebago Counties Regional Office of Education #4 (Regional Office of Education #4) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2013, with comparative information for the year ended June 30, 2012. Readers are encouraged to consider the information in conjunction with the Regional Office of Education #4's basic financial statements.

**2013 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues increased by \$39,676 (1%) from \$2,660,321 in FY 2012 to \$2,699,997 in FY 2013. General Fund expenditures increased by \$247,591 (8%) from \$3,057,579 in FY 2012 to \$3,305,170 in FY 2013.
- Within the Governmental Funds, the Special Revenue Fund revenues decreased by \$99,800 (3%) from \$3,138,096 in FY 2012 to \$3,038,296 in FY 2013. The Special Revenue Fund expenditures decreased by \$478,848 (15%) from \$3,267,140 in FY 2012 to \$2,788,292 in FY 2013.
- The Enterprise Fund revenues decreased by \$139,987 (21%) from \$666,486 in FY 2012 to \$526,499 in FY 2013. The Enterprise Fund expenditures decreased by \$162,007 (25%) from \$641,482 in FY 2012 to \$479,475 in FY 2013.
- The Regional Office of Education #4 has no long-term debt.

**Using This Report**

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the Regional Office of Education #4's financial activities.
- The *government-wide financial statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office of Education #4 as a whole and present an overall view of the Regional Office of Education #4's finances.
- *Fund financial statements* report the Regional Office of Education #4'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 other supplementary information provides detailed information about the major and non-major funds.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**Reporting the Boone/Winnebago Counties Regional Office of Education No. #4 as a Whole**

It is important to note that many grants are a cooperative effort of the Regional Office of Education #4, the DeKalb County Regional Office of Education #16, and the McHenry County Regional Office of Education #44. Therefore, these figures may reflect grants that are intended to serve Boone/Winnebago Counties only and grants that serve DeKalb County and McHenry County.

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

The government-wide financial statements report information about the Regional Office of Education #4 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 generally accepted accounting principles and GASB 34.

The government-wide financial statements report the Regional Office of Education #4's net position and how it has changed. Net position—the difference between assets and liabilities—is one way to measure the Regional Office of Education #4's financial health or position.

- Over time, increases or decreases in net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office of Education #4's overall financial condition, additional nonfinancial factors, such as new laws, rules, regulations, and actions by officials at the State level, need to be considered.

The government-wide financial statements present the Regional Office of Education #4's activities as governmental and business-type activities. Local, State, and federal funds finance most of the governmental activities, while local workshops finance most of the business-type activities.

**Fund Financial Statements**

The fund financial statements provide detailed information about the Regional Office of Education #4's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #4 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- (1) Governmental funds account for all of the Regional Office of Education #4's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Regional Office of Education #4's programs. The Regional Office of Education #4'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.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and nonmajor enterprise funds. The proprietary funds' required financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Fund Net Position; and a Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the Regional Office of Education #4 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds' required financial statements include a Statement of Fiduciary Net Position.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve when examined over time as one indicator of the financial position of the Regional Office of Education #4. The net position at the end of FY 2013 and FY 2012 totaled \$3,934,339 and \$4,461,558, respectively. The analysis that follows provides a summary of the Regional Office of Education #4's net position as of June 30, 2013 and 2012.

**CONDENSED STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 2,529,044	\$ 3,274,620	\$ 1,583,040	\$ 1,523,714	\$ 4,112,084	\$ 4,798,334
Capital assets, net	113,694	20,325	-	-	113,694	20,325
Total assets	<u>2,642,738</u>	<u>3,294,945</u>	<u>1,583,040</u>	<u>1,523,714</u>	<u>4,225,778</u>	<u>4,818,659</u>
Current liabilities	283,829	341,398	7,610	15,703	291,439	357,101
Total liabilities	<u>283,829</u>	<u>341,398</u>	<u>7,610</u>	<u>15,703</u>	<u>291,439</u>	<u>357,101</u>
Net position:						
Invested in capital assets	113,694	20,325	-	-	113,694	20,325
Restricted for educational purposes	164,246	214,956	-	-	164,246	214,956
Unrestricted	2,080,969	2,718,266	1,575,430	1,508,011	3,656,399	4,226,277
Total net position	<u>\$ 2,358,909</u>	<u>\$ 2,953,547</u>	<u>\$ 1,575,430</u>	<u>\$ 1,508,011</u>	<u>\$ 3,934,339</u>	<u>\$ 4,461,558</u>

The Regional Office of Education #4's net position decreased by \$527,219 (12%) from FY 2012. The decrease occurred in the governmental funds due to the fact that State grant revenues were down significantly from FY 2012. Net position related to certain programs is considered restricted for educational purposes.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**CHANGES IN NET POSITION**

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

	<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	\$ 2,517,385	\$ 3,257,210	\$ -	\$ -	\$ 2,517,385	\$ 3,257,210
General revenues:						
Local sources	704,577	569,263	-	-	704,577	569,263
State sources	955,820	855,683	-	-	955,820	855,683
On-behalf payments	1,238,155	1,247,476	-	-	1,238,155	1,247,476
Charges for services	-	-	526,499	666,486	526,499	666,486
Investment earnings	7,812	11,235	2,101	4,521	9,913	15,756
Total revenues	<u>5,423,749</u>	<u>5,940,867</u>	<u>528,600</u>	<u>671,007</u>	<u>5,952,349</u>	<u>6,611,874</u>
Expenses:						
Programs expenses:						
Salaries and benefits	2,908,219	2,716,113	136,506	146,905	3,044,725	2,863,018
Purchased services	587,914	753,305	320,948	462,583	908,862	1,215,888
Supplies and materials	151,006	167,414	19,879	30,944	170,885	198,358
Other objects	34,473	43,369	2,142	80	36,615	43,449
Payments to other governments	1,066,564	1,392,019	-	-	1,066,564	1,392,019
Depreciation	13,762	13,051	-	970	13,762	14,021
Administrative expenses:						
On-behalf payments	1,238,155	1,247,476	-	-	1,238,155	1,247,476
Total expenses	<u>6,000,093</u>	<u>6,332,747</u>	<u>479,475</u>	<u>641,482</u>	<u>6,479,568</u>	<u>6,974,229</u>
Other financing sources (uses):						
Operating transfers	(18,294)	(1,290)	18,294	1,290	-	-
Changes in net position	(594,638)	(393,170)	67,419	30,815	(527,219)	(362,355)
Net position, beginning of year	2,953,547	3,346,717	1,508,011	1,477,196	4,461,558	4,823,913
Net position, end of year	<u>\$ 2,358,909</u>	<u>\$ 2,953,547</u>	<u>\$ 1,575,430</u>	<u>\$ 1,508,011</u>	<u>\$ 3,934,339</u>	<u>\$ 4,461,558</u>

**Governmental Activities**

Revenues for governmental activities were \$5,423,749, and expenses were \$6,000,093. The decrease in revenues of \$517,118 (9%) and decrease in expenditures of \$332,654 (5%) is due to less purchased services and supplies and materials to offset the decrease in revenues. Interest income decreased from \$11,235 in FY 2012 to \$7,812 in FY 2013 because the investment balances and interest rates decreased. Individual grant revenue decreased from FY 2012 as certain programs were not funded or funding was reduced in FY 2013. Consequently, expenses were proportionally decreased to meet the funding level.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**Business-Type Activities**

Revenues for business-type activities were \$528,600 and expenditures were \$479,475. The decrease in revenues is due to decreased revenue in Workshops, our professional development fund. The decrease in expenses is due to the decrease in number of contracts for presenters for Workshops.

**Financial Analysis of the Regional Office of Education #4 Funds**

As previously noted, the Regional Office of Education #4 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #4's Governmental Funds reported combined fund balances of \$2,232,952, a decrease of \$365,651 (14%) from FY 2012.

**Governmental Fund Highlights**

The General Assembly and the Illinois State Board of Education (ISBE) continue to increase the responsibilities of the Regional Offices of Education without providing timely payment and any additional resources.

**Proprietary Fund Highlights**

Total proprietary fund net position increased by \$67,419 (4%), from \$1,508,011 in FY 2012 to \$1,575,430 in FY 2013. The increase resulted from increased revenue in RSAC.

**Budgetary Highlights**

The Regional Office of Education #4 annually adopts budgets for several funds. The budgets for the General Fund accounts and Kishwaukee Intermediate Delivery Systems (KIDS) accounts are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Boards for their approval. The Office Operations Budget covers a fiscal year which runs from October 1 to September 30. All grant budgets are prepared by the Regional Office of Education #4 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

**Capital Assets**

The Regional Office of Education #4's capital assets include office equipment, computers, audiovisual equipment, and office furniture. The Regional Office of Education #4 maintains an inventory of capital assets which have been accumulated over time. In FY 2013, total additions were \$107,131. Depreciation expense for FY 2013 was \$13,762. See Note 9 to the financial statements for additional information about the Regional Office's capital assets.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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

At the time these financial statements were prepared and audited, the Regional Office of Education #4 was aware of several existing circumstances that could affect its financial condition in the future:

- The proposed State aid foundation level for FY 2014 has stayed level at \$6,119 per student.
- County board fiscal support for Regional Office of Education #4 is expected to decrease due to countywide cuts during FY 2014.
- The student growth in the region is declining.
- The interest rate on investments continues to remain low but is staying level.

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

This financial report is designed to provide the Regional Office of Education #4's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #4 at 300 Heart Blvd., Loves Park, IL 61111.

## BASIC FINANCIAL STATEMENTS

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 2,590,019	\$ 764,129	\$ 3,354,148
Accounts receivable	-	37,150	37,150
Due (to) from other funds	(781,761)	781,761	-
Due from other governments:			
Local	77,885	-	77,885
State	31,259	-	31,259
Federal	584,133	-	584,133
Prepaid expenditures	27,509	-	27,509
Total Current Assets	<u>2,529,044</u>	<u>1,583,040</u>	<u>4,112,084</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	113,694	-	113,694
Total Noncurrent Assets	<u>113,694</u>	<u>-</u>	<u>113,694</u>
<b>TOTAL ASSETS</b>	<u>2,642,738</u>	<u>1,583,040</u>	<u>4,225,778</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	203,696	7,610	211,306
Accrued salaries and benefits	11,703	-	11,703
Unearned revenue	68,430	-	68,430
Total Current Liabilities	<u>283,829</u>	<u>7,610</u>	<u>291,439</u>
<b>NET POSITION</b>			
Invested in capital assets	113,694	-	113,694
Restricted for educational purposes	164,246	-	164,246
Unrestricted	2,080,969	1,575,430	3,656,399
<b>TOTAL NET POSITION</b>	<u>\$ 2,358,909</u>	<u>\$ 1,575,430</u>	<u>\$ 3,934,339</u>

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
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	\$ 2,908,219	\$ -	\$ 1,281,369	\$ (1,626,850)	\$ -	\$ (1,626,850)
Purchased services	587,914	-	234,419	(353,495)	-	(353,495)
Supplies and materials	151,006	-	11,133	(139,873)	-	(139,873)
Other objects	34,473	-	33,880	(593)	-	(593)
Depreciation expense	13,762	-	-	(13,762)	-	(13,762)
Capital outlay	-	-	16,364	16,364	-	16,364
Payments to other governments	1,066,564	-	940,220	(126,344)	-	(126,344)
Administrative:						
On-behalf payments - Local	441,307	-	-	(441,307)	-	(441,307)
On-behalf payments - State	796,848	-	-	(796,848)	-	(796,848)
Total Governmental Activities	<u>6,000,093</u>	<u>-</u>	<u>2,517,385</u>	<u>(3,482,708)</u>	<u>-</u>	<u>(3,482,708)</u>
Business-Type Activities:						
Charges for services	479,475	526,499	-	-	47,024	47,024
Total Business-Type Activities	<u>479,475</u>	<u>526,499</u>	<u>-</u>	<u>-</u>	<u>47,024</u>	<u>47,024</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 6,479,568</u>	<u>\$ 526,499</u>	<u>\$ 2,517,385</u>	<u>(3,482,708)</u>	<u>47,024</u>	<u>(3,435,684)</u>
<b>GENERAL REVENUES:</b>						
Local sources				704,577	-	704,577
State sources				955,820	-	955,820
On-behalf payments - Local				441,307	-	441,307
On-behalf payments - State				796,848	-	796,848
Transfers in (out)				(18,294)	18,294	-
Investment earnings				7,812	2,101	9,913
Total General Revenues and Transfers				<u>2,888,070</u>	<u>20,395</u>	<u>2,908,465</u>
<b>CHANGE IN NET POSITION</b>				<u>(594,638)</u>	<u>67,419</u>	<u>(527,219)</u>
<b>NET POSITION - BEGINNING</b>				<u>2,953,547</u>	<u>1,508,011</u>	<u>4,461,558</u>
<b>NET POSITION - ENDING</b>				<u>\$ 2,358,909</u>	<u>\$ 1,575,430</u>	<u>\$ 3,934,339</u>

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,306,858	\$ 95,716	\$ 187,445	\$ -	\$ 2,590,019
Due from other funds	596,913	-	-	(596,913)	-
Due from other governments:					
Local	75,071	-	2,814	-	77,885
State	331	30,928	-	-	31,259
Federal	-	584,133	-	-	584,133
Prepaid expenditures	27,509	-	-	-	27,509
<b>TOTAL ASSETS</b>	<b>\$ 3,006,682</b>	<b>\$ 710,777</b>	<b>\$ 190,259</b>	<b>\$ (596,913)</b>	<b>\$ 3,310,805</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 149,901	\$ 50,952	\$ 2,843	\$ -	\$ 203,696
Accrued salaries and benefits	2,831	-	8,872	-	11,703
Due to other funds	772,981	585,041	20,652	(596,913)	781,761
Unearned revenue	-	80,693	-	-	80,693
<b>Total Liabilities</b>	<b>925,713</b>	<b>716,686</b>	<b>32,367</b>	<b>(596,913)</b>	<b>1,077,853</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	27,509	-	-	-	27,509
Restricted	-	6,354	157,892	-	164,246
Assigned	1,776,408	-	-	-	1,776,408
Unassigned	277,052	(12,263)	-	-	264,789
<b>Total Fund Balances (Deficits)</b>	<b>2,080,969</b>	<b>(5,909)</b>	<b>157,892</b>	<b>-</b>	<b>2,232,952</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 3,006,682</b>	<b>\$ 710,777</b>	<b>\$ 190,259</b>	<b>\$ (596,913)</b>	<b>\$ 3,310,805</b>

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 2,232,952

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. 113,694

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.

Federal sources 12,263

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,358,909

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
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
<b>REVENUES</b>					
Local sources	\$ 501,007	\$ -	\$ 203,570	\$ -	\$ 704,577
On-behalf payments - Local	441,307	-	-	-	441,307
State sources	927,773	739,948	2,036	-	1,669,757
On-behalf payments - State	796,848	-	-	-	796,848
Federal sources	33,062	2,092,742	-	-	2,125,804
<b>Total Revenues</b>	<u>2,699,997</u>	<u>2,832,690</u>	<u>205,606</u>	<u>-</u>	<u>5,738,293</u>
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries and benefits	1,559,675	1,299,857	48,687	-	2,908,219
Purchased services	249,030	232,844	106,040	-	587,914
Supplies and materials	112,164	11,617	27,225	-	151,006
Other objects	243	33,880	350	-	34,473
Payments to other governments	129,150	937,414	-	-	1,066,564
On-behalf payments - Local	441,307	-	-	-	441,307
On-behalf payments - State	796,848	-	-	-	796,848
Capital outlay	16,753	16,364	74,014	-	107,131
<b>Total Expenditures</b>	<u>3,305,170</u>	<u>2,531,976</u>	<u>256,316</u>	<u>-</u>	<u>6,093,462</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(605,173)</u>	<u>300,714</u>	<u>(50,710)</u>	<u>-</u>	<u>(355,169)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	3,328	22,870	-	(26,198)	-
Transfers out	(43,264)	(1,228)	-	26,198	(18,294)
Interest income	7,812	-	-	-	7,812
<b>Total Other Financing Sources (Uses)</b>	<u>(32,124)</u>	<u>21,642</u>	<u>-</u>	<u>-</u>	<u>(10,482)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(637,297)</u>	<u>322,356</u>	<u>(50,710)</u>	<u>-</u>	<u>(365,651)</u>
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>2,718,266</u>	<u>(328,265)</u>	<u>208,602</u>	<u>-</u>	<u>2,598,603</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ 2,080,969</u>	<u>\$ (5,909)</u>	<u>\$ 157,892</u>	<u>\$ -</u>	<u>\$ 2,232,952</u>

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
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 \$ (365,651)

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	\$ 107,131	
Depreciation expense	<u>(13,762)</u>	93,369

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.

FY12 deferred revenue recognized in FY13

Federal sources	\$ (334,619)	
FY13 revenue deferred		
Federal sources	<u>12,263</u>	<u>(322,356)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (594,638)

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

ASSETS	Business-Type Activities			
	Enterprise Funds			
	Raising Student			
	Local Workshops	Achievement Conference	Nonmajor Enterprise Funds	Total
Current assets:				
Cash and cash equivalents	\$ 446,550	\$ 280,896	\$ 36,683	\$ 764,129
Accounts receivable	37,150	-	-	37,150
Due from other funds	781,761	-	-	781,761
TOTAL ASSETS	1,265,461	280,896	36,683	1,583,040
LIABILITIES				
Current liabilities:				
Accounts payable	7,550	60	-	7,610
TOTAL LIABILITIES	7,550	60	-	7,610
NET POSITION				
Unrestricted	1,257,911	280,836	36,683	1,575,430
TOTAL NET POSITION	\$ 1,257,911	\$ 280,836	\$ 36,683	\$ 1,575,430

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities -			Total
	Enterprise Funds			
	Local Workshops	Raising Student Achievement Conference	Nonmajor Enterprise Funds	
OPERATING REVENUES				
Charges for services	\$ 272,989	\$ 214,872	\$ 38,638	\$ 526,499
Total Operating Revenues	<u>272,989</u>	<u>214,872</u>	<u>38,638</u>	<u>526,499</u>
OPERATING EXPENSES				
Salaries and benefits	116,172	8,934	11,400	136,506
Purchased services	174,367	124,447	22,134	320,948
Supplies and materials	9,420	9,687	772	19,879
Other objects	2,142	-	-	2,142
Total Operating Expenses	<u>302,101</u>	<u>143,068</u>	<u>34,306</u>	<u>479,475</u>
OPERATING INCOME (LOSS)	<u>(29,112)</u>	<u>71,804</u>	<u>4,332</u>	<u>47,024</u>
NONOPERATING REVENUE				
Transfers in	-	-	18,294	18,294
Interest income	1,054	784	263	2,101
Total Nonoperating Revenue	<u>1,054</u>	<u>784</u>	<u>18,557</u>	<u>20,395</u>
CHANGE IN NET POSITION	(28,058)	72,588	22,889	67,419
TOTAL NET POSITION - BEGINNING	<u>1,285,969</u>	<u>208,248</u>	<u>13,794</u>	<u>1,508,011</u>
TOTAL NET POSITION - ENDING	<u>\$ 1,257,911</u>	<u>\$ 280,836</u>	<u>\$ 36,683</u>	<u>\$ 1,575,430</u>

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities -			Total
	Enterprise Funds			
	Local Workshops	Raising Student Achievement Conference	Nonmajor Enterprise Funds	
Cash Flows from Operating Activities:				
Receipts from customers	\$ 276,419	\$ 214,872	\$ 38,638	\$ 529,929
Payments to suppliers and providers of goods and services	(193,606)	(134,363)	(22,906)	(350,875)
Payments to employees	(116,359)	(8,934)	(11,400)	(136,693)
Net Cash Provided by (Used for) Operating Activities	<u>(33,546)</u>	<u>71,575</u>	<u>4,332</u>	<u>42,361</u>
Cash Flows from Noncapital Financing Activities:				
Cash transfers from (to) other funds	-	-	18,294	18,294
Payments for interfund borrowing, net	188,254	-	-	188,254
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>188,254</u>	<u>-</u>	<u>18,294</u>	<u>206,548</u>
Cash Flows from Investing Activities:				
Interest income	1,054	784	263	2,101
Net Cash Provided by Investing Activities	<u>1,054</u>	<u>784</u>	<u>263</u>	<u>2,101</u>
Net Increase (Decrease) in Cash and Cash Equivalents	155,762	72,359	22,889	251,010
Cash and cash equivalents - Beginning	<u>290,788</u>	<u>208,537</u>	<u>13,794</u>	<u>513,119</u>
Cash and cash equivalents - Ending	<u>\$ 446,550</u>	<u>\$ 280,896</u>	<u>\$ 36,683</u>	<u>\$ 764,129</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (29,112)	\$ 71,804	\$ 4,332	\$ 47,024
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
(Increase) decrease in assets:				
Decrease in accounts receivable	3,430	-	-	3,430
Increase (decrease) in liabilities:				
Increase (decrease) in accounts payable	(7,677)	(229)	-	(7,906)
Increase (decrease) in accrued salaries and benefits	(187)	-	-	(187)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (33,546)</u>	<u>\$ 71,575</u>	<u>\$ 4,332</u>	<u>\$ 42,361</u>

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2013

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 627,377
Due from other governments	<u>274,168</u>
Total Assets	<u><u>\$ 901,545</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 44,353
Due to other governments	<u>857,192</u>
Total Liabilities	<u><u>\$ 901,545</u></u>

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Boone/Winnebago Counties Regional Office of Education #4 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2013, the Regional Office of Education #4 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 #4 implemented these standards during the current year; however, GASB Statement No. 60 and GASB Statement No. 61 had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflow of resources.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through February 28, 2014, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers’ meetings and assist in their management; to evaluate the schools in the region; to examine evidence of indebtedness; to file and keep the returns of elections required to be returned to the Regional Superintendent’s office; and to file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #4’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.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 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 #4 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 #4. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #4's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #4 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #4 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, other than the two agreements detailed below, have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #4 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #4 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #4 being considered a component unit of the entity.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

On July 1, 1995, the Regional Office of Education #4 entered into an intergovernmental agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110. The name of the Educational Service delivery system formed is known as the Kishwaukee Intermediate Delivery Systems (KIDS). Membership in KIDS is made up of the following Regional Offices of Education: Boone/Winnebago, DeKalb, and McHenry. The Regional Office of Education #4 was designated as the administrative agent and has reported the activity of this agreement in their financial statements as a blended component unit.

On July 1, 2001, the Regional Office of Education #4 entered into an intergovernmental agreement with several participating school districts of the region pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution and the provisions of the Intergovernmental Cooperation Act of 1973 to form an alternative school known as the Boone-Winnebago Regional Alternative School. Membership in the Regional Alternative School is extended to all public school districts in the region, and any school district desiring to participate may petition the Regional Alternative School Board to join. Membership is on a year-to-year basis. The Regional Alternative School Board is composed of the superintendent of each participating district and the Regional Superintendent of Schools. The Regional Superintendent was designated as the administrative, legal, and fiscal agent of the Regional Alternative School, and the Regional Office has reported the activity of this agreement in their financial statements as a blended component unit.

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 #4'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 has four business-type activities that rely on fees and charges for support.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The Regional Office of Education #4'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 #4 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #4's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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.

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

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

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

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position 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 on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS (Concluded)

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 #4; 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, Boone/Winnebago Counties Regional Office of Education #4 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 #4’s policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

G. FUND ACCOUNTING

The Regional Office of Education #4 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 #4 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

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 #4 has presented all major funds that met the above qualifications.

The Regional Office of Education #4 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education #4. It is used to account for the expenditures that benefit all school districts in the Region except those required to be accounted for in other funds. General Funds include the following:

Audiovisual Co-op – This fund accounts for monies received and disbursed by the Regional Superintendent as administrative agent for the Boone/Winnebago Audiovisual Co-op.

Educational Service Center No. 1 – This fund accounts for resources used to support the activities of the Educational Service Center No. 1.

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

Payroll – This fund accounts for all payroll costs incurred by the Regional Office of Education #4. Any fund that has payroll remits the money to the Payroll Fund as administering agent, which then disburses payments to employees, vendors, and payroll taxing authorities.

Regional Attendance Cooperative – This program accounts for local monies received for and in payment of expenditures for the Regional Attendance Cooperative.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Regional Alternative School – General State Aid (GSA) – This program accounts for grant monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

Regional Learning Center – General State Aid (GSA) – This program accounts for grant monies received for and in payment of expenditures for the general operations of the Regional Learning Center.

Standards Aligned Classroom – This program accounts for monies received for and in payment of expenditures for teams that develop curricula aligned with the Illinois Academic Standards.

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:

McKinney-Vento Homeless Children and Youth – This program accounts for grant monies received and expended assisting school districts in identifying and providing assistance to at-risk students. This program offers services to homeless children and youth primarily who are of school age. Preschool-aged children also receive services to ensure access to early childhood and preschool programs.

Principal Mentoring – This program accounts for monies received from the Illinois Principals Association for expenditures incurred to ensure that every new principal in the Region receives a high-quality mentoring experience from trained mentors.

Regional Safe Schools – This program accounts for grant monies received for and in payment of expenditures for activities for disruptive students who are eligible for suspension or expulsion.

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

Technology for Success – This program accounts for monies received for and in payment of expenditures incurred to create and support ongoing learning team focused on alignment of classroom-level assessment and instruction.

Title I – School Improvement & Accountability – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #4 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

Title II – Teacher Quality – This program accounts for grant monies received for and in payment of expenditures for activities that aim to increase student academic achievement through strategies such as improving teacher and principal quality; increasing the number of highly qualified teachers, principals, and assistant principals in the schools; and holding local educational agencies and schools accountable for improvements in student academic achievement.

Title II – Teacher Quality – Leadership – This program accounts for grant monies received for and in payment of expenditures to provide online training that is required by the Illinois Performance Evaluation Reform Act to train education administrators to evaluate other administrators and teachers. The program is designed to increase the number of highly qualified administrators and teachers, leading to increased student academic achievement.

Truants Alternative – This program accounts for grant monies received for and in payment of expenditures for optional education opportunities to school dropouts, potential dropouts, and truants of the Region.

The Regional Office of Education #4 reports the following nonmajor governmental funds:

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Nonmajor Special Revenue Funds (Concluded)

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools of each county or counties to administer the GED test. Testing fees are used for test administration, testing materials, and diplomas on successful completion of the test.

Bus Driver Training – Experienced bus drivers must take a two-hour instructional 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.

Supervisory – This fund was developed by the General Assembly to help support the day-to-day activities of the Regional Superintendent.

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 – Proprietary funds account for revenues and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #4 reports the following major proprietary funds:

Local Workshops – This enterprise fund tracks revenues received and expenses incurred in offering professional development workshops for teachers and administrators and other services for the school districts in Boone and Winnebago Counties.

Raising Student Achievement Conference – This enterprise fund was established to account for revenues received and expenses incurred in offering professional development in targeted curricular areas that focuses on improving classroom teaching practices in order to raise student achievement.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Concluded)

PROPRIETARY FUNDS (Concluded)

The Regional Office of Education #4 reports the following nonmajor proprietary funds:

Global Education – This enterprise fund accounts for monies received and expended for conferences conducted for improvement of education for administrators and business community leaders.

Fingerprinting – This enterprise fund accounts for the activity to provide fingerprinting services for background checks for school district personnel.

FIDUCIARY FUNDS

Agency Funds – Agency funds are used to account for assets held by the Regional Office of Education #4 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #4 reports the following agency fund:

Career Education Associates of North Central Illinois (CEANCI) – This fund accounts for the assets held by the Regional Office of Education #4 for the benefit of Career Education Associates of North Central Illinois (CEANCI), an intergovernmental agreement between the Belvidere, Byron, Harlem, Hononegah, North Boone, Oregon, Rockford, South Beloit, Stillman Valley, and Winnebago school districts for the purpose of directing the region’s career and technical education programs. The policy-making CEANCI Board of Governors is composed of the school district superintendents. The Regional Office of Education #4 serves as the administrative agent.

H. 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:

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. GOVERNMENTAL FUND BALANCES (Concluded)

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 General Fund’s Regional Learning Center – GSA program has a nonspendable fund balance.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following account’s fund balance is restricted by grant agreements or contracts: Principal Mentoring. The following fund balances are restricted by Illinois Statute: General Education Development, Bus Driver Training, Supervisory, and Institute.

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 #4 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 Regional Office of Education #4 has assigned fund balances in the General Fund’s Audiovisual Co-op, Educational Service Center No. 1, Regional Alternative School – GSA, Regional Learning Center – GSA, and Standards Aligned Classroom programs.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the General Fund’s General Operations account and the Education Fund’s Title II – Teacher Quality – Leadership programs.

I. 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.”

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. CASH AND CASH EQUIVALENTS

The Boone/Winnebago Counties Regional Office of Education #4's cash and cash equivalents are considered to be demand deposits and short-term investments. All interest income is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures, and Changes in Fund Balances.

K. INVENTORY

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

L. 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.

M. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 (\$5,000 in fiscal year 2012 and earlier) or more and estimated useful lives of greater than five years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Equipment and Furniture	5-10 years
Computer Equipment	5-10 years

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REGIONAL OFFICE OF EDUCATION #4  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

N. COMPENSATED ABSENCES

Noncertified and certified employees who work 12 calendar months can earn up to 20 vacation days for a full year of service. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Because salaries are grant funded from year to year, all vacation time must be used before the end of the fiscal year. An employee may request that a maximum of five days of unused vacation be carried over to the next fiscal year. The Regional Office did not grant any such requests at June 30, 2013; therefore no vacation accruals have been made.

Employees receive up to 10 sick days annually and the unused portion is accumulated up to 30 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

O. BUDGET INFORMATION

The Regional Office of Education #4 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: McKinney-Vento Homeless Children and Youth, Regional Safe Schools, ROE/ISC Operations, Technology for Success, Title I – School Improvement & Accountability, Title II – Teacher Quality, Title II – Teacher Quality – Leadership, and Truants Alternative.

NOTE 2 – CASH

The Regional Office of Education #4 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.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2 – CASH (Continued)

A. DEPOSITS

At June 30, 2013, the carrying amounts of the Regional Office of Education #4's government-wide fund and agency fund deposits were \$3,354,148 and \$627,377, respectively, and the bank balances were \$4,041,861 and \$647,038, respectively. Of the total bank balances as of June 30, 2013, \$250,000 was secured by federal depository insurance, \$2,798,959 was fully collateralized, \$188,732 was invested in the Illinois Funds Money Market Fund, and \$1,451,208 was uncollateralized and uninsured.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education #4's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #4'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 of Education #4. As of June 30, 2013, the Regional Office of Education #4's bank deposits were undercollateralized by \$1,451,208.

B. INVESTMENTS

The Regional Office of Education #4 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 #4 had investments with carrying and fair values of \$188,732 invested in the Illinois Funds Money Market Fund.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2 – CASH (Concluded)

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 Fund states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one year maturity and no investment shall exceed two years maturity.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

**Plan Description.** The Regional Office of Education #4'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 #4'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](http://www.imrf.org).

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Funding Policy.** As set by statute, the Regional Office of Education #4’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 18.67 percent. The Regional Office of Education #4 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Annual Pension Cost.** The required contribution for calendar year 2012 was \$105,910.

THREE-YEAR TREND INFORMATION

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 105,910	100%	\$ 0
12/31/11	98,821	100%	0
12/31/10	94,745	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 #4’s 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 #4’s 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 Regional Office’s Regular plan was 75.47 percent funded. The actuarial accrued liability for benefits was \$1,331,198 and the actuarial value of assets was \$1,004,675, resulting in an underfunded actuarial accrued liability (UAAL) of \$326,523. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$567,273, and the ratio of the UAAL to the covered payroll was 58 percent.

BOONE/WINNEBAGO COUNTIES  
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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

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

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

The Regional Office of Education #4 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined-benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system’s administration.

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

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #4’s TRS-covered employees.

- **On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #4. For the year ended June 30, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #4 recognized revenue and expenditures of \$514,873 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$429,724) and 23.10 percent (\$464,482), respectively.

The Regional Office of Education #4 makes other types of employer contributions directly to TRS.

BOONE/WINNEBAGO COUNTIES  
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FOR THE YEAR ENDED JUNE 30, 2013

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

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2013, were \$11,113. Contributions for the years ending June 30, 2012 and 2011, were \$10,463 and \$11,343, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #4, there is a statutory requirement for the Regional Office of Education #4 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer pension contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, salaries totaling \$285,016 were paid from federal and special trust funds that required employer contributions of \$79,947. For the years ended June 30, 2012 and 2011, required Regional Office of Education #4 contributions were \$69,139 and \$31,504, respectively.

- **Early retirement option.** The Regional Office of Education #4 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer ERO contribution under the current program is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2013, the Regional Office of Education #4 paid \$143,325 to TRS for employer contributions under the ERO program. For the years ended June 30, 2012 and 2011, the Regional Office of Education #4 paid \$-0- and \$28,403 in employer ERO contributions, respectively.

- **Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education #4 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Regional Office of Education #4 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

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

For the year ended June 30, 2013, the Regional Office of Education #4 paid \$12,866 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2012 and 2011, the Regional Office of Education #4 paid no employer contributions due on salary increases in excess of 6 percent.

If the Regional Office of Education #4 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #4 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.63 percent of salary during the year ended June 30, 2013).

For the year ended June 30, 2013, the Regional Office of Education #4 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2012 and 2011, the Regional Office of Education #4 paid no employer contributions granted for sick leave days.

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

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

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY

The Regional Office of Education #4 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined-benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants may participate in the State-administered participating provider option plan or choose from several managed care options.

BOONE/WINNEBAGO COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 5 – TEACHER HEALTH INSURANCE SECURITY (Concluded)

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

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

**On-behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #4. State contributions are intended to match contributions to THIS Fund from active members, which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$17,628, and the Regional Office of Education #4 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2012 and 2011, were 0.88 percent of pay, both years. State contributions on behalf of the Regional Office of Education #4 employees were \$15,874 and \$17,210, respectively.

**Employer contributions to THIS Fund.** The Regional Office of Education #4 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.69 percent during the year ended June 30, 2013, and 0.66 percent during the years ended June 30, 2012 and 2011. For the year ended June 30, 2013, the Regional Office of Education #4 paid \$13,221 to the THIS Fund. For the years ended June 30, 2012 and 2011, the Regional Office paid \$11,906 and \$12,907 to the THIS Fund, respectively, which was 100 percent of the required contribution.

**Further information on THIS Fund.** The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services.”

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
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NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE

The Regional Office of Education #4 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF retirement plan. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement Nos. 43 and 45 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

Membership in the plan consisted of the following as of June 30, 2012, the date of the most recent actuarial valuation:

	<u>June 30, 2012</u>
Retirees and beneficiaries receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	8
Active nonvested plan members	<u>10</u>
Total	<u><u>18</u></u>
Number of participating employers	1

**Schedule of Funding Progress**

The schedule of funding progress, presented as Required Supplementary Information (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.

**Annual OPEB Cost and Net OPEB Obligation**

	<u>June 30, 2013</u>
Annual required contribution	\$ 2,303
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	2,303
Contributions made	<u>-</u>
Increase (decrease) in net OPEB obligation	2,303
Net OPEB obligation beginning of year	<u>2,385</u>
Net OPEB obligation end of year	<u><u>\$ 4,688</u></u>

The net OPEB liability was not recognized in the financial statements because it was immaterial.

BOONE/WINNEBAGO COUNTIES  
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NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

**Three-Year Trend Information**

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 2,303	0.00%	\$ 4,688
6/30/2012	2,385	0.00%	2,385
6/30/2011	-	0.00%	-

**Annual Required Contribution**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Service cost	\$ 1,648	\$ 1,767
Amortization	566	526
Interest	<u>89</u>	<u>92</u>
Annual required contribution	<u>\$ 2,303</u>	<u>\$ 2,385</u>

**Funding Policy and Actuarial Assumptions**

Contribution rates:	
Employer	0.00%
Plan members	0.00%
Actuarial valuation date	6/30/2012
Actuarial cost method	Entry age
Amortization period	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return*	4.00%
Projected salary increases	4.00%
Healthcare inflation rate	8.00% initial, 6.00% ultimate
Mortality, Turnover, Disability, Retirement Ages	Similar rates utilized for IMRF
Active utilization rate:	20%
Employer provided benefit	Explicit: None Implicit: 40% of premium to age 65 (50% of \$672/mo + 50% of \$1,443/mo)
* Includes inflation at	3.00%

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NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Concluded)

**GASB 45 Summary as of June 30, 2013**

Division	Service Cost	Active Liability	Retired Liability	Total Liability	Annual Required Contribution	Expected Payments	Actives	Retirees	Total
All	\$ 1,648	\$ 16,977	\$ -	\$ 16,977	\$ 2,303	\$ -	18	-	18

Discount Rate: 4.0%

Medical Inflation Rate: 8.0% initial, 6.0% ultimate

Future Payroll Increases: 4.0%

NOTE 7 – OPERATING LEASES

The Regional Office of Education #4 leases classroom and office space from various parties. During fiscal year 2013, the Regional Office of Education #4 leased classroom and office space located at 215 North Court Street, Rockford, Illinois, from the Court Street United Methodist Church for \$6,157 per month. The lease term was from June 15, 2010, to June 30, 2013.

The Regional Office of Education #4 leased classrooms and office space located at Logan Elementary School, 620 Logan Avenue, Belvidere, Illinois. The lease term was from September 1, 2011, to July 31, 2012; rent was \$1,050 per month. This lease was renewed for the period from August 1, 2012, to July 31, 2013; rent during this period was \$1,200 per month.

The Regional Office of Education #4 leased the southeast wing, six additional rooms, and a storage area in the building at 100 Heart Boulevard, Loves Park, Illinois, from the City of Loves Park. The lease runs from August 1, 2011, to July 31, 2016; rent is \$3,800 per month.

The Regional Office of Education #4 also leased classrooms and office space from Rock Valley College located at 6279 28th Avenue, Rockford, Illinois. The lease ran from July 1, 2012, to June 30, 2013; rent was \$4,991 per year. The Regional Office has the option and intends to renew this lease for the upcoming fiscal year.

Rent expense for the year ended June 30, 2013, was \$138,726. Future minimum rentals are as follows for the years ending June 30:

2014	\$ 46,800
2015	45,600
2016	45,600
2017	3,800
2018 and thereafter	-
	<u>\$ 141,800</u>

BOONE/WINNEBAGO COUNTIES  
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NOTE 8 – RISK MANAGEMENT

The Regional Office of Education #4 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 #4 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 9 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #4 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 capital assets by 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:

	<u>Balance</u> <u>7/1/2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2013</u>
Governmental Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 190,744	\$ 107,131	\$ -	\$ 297,875
Less Accumulated Depreciation for:				
Computers and Equipment	<u>(170,419)</u>	<u>(13,762)</u>	<u>-</u>	<u>(184,181)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 20,325</u>	<u>\$ 93,369</u>	<u>\$ -</u>	<u>\$ 113,694</u>
Business-Type Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 5,298	\$ -	\$ -	\$ 5,298
Less Accumulated Depreciation for:				
Computers and Equipment	<u>(5,298)</u>	<u>-</u>	<u>-</u>	<u>(5,298)</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2013, of \$13,762 was charged to the governmental activities on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

BOONE/WINNEBAGO COUNTIES  
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NOTE 10 – 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 the Proprietary Funds Statement of Net Position. The balances between governmental funds, but not those between governmental and proprietary funds, were eliminated in the government-wide Statement of Net Position.

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 596,913	\$ 772,981
Education Fund	-	585,041
Nonmajor Special Revenue Fund	-	20,652
Proprietary Fund	781,761	-
Totals	<u>\$ 1,378,674</u>	<u>\$ 1,378,674</u>

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 and the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position. The transfer balances between governmental funds, but not those between governmental and proprietary funds, were eliminated in the government-wide Statement of Activities.

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 3,328	\$ 43,264
Education Fund	22,870	1,228
Proprietary Fund	18,294	-
	<u>\$ 44,492</u>	<u>\$ 44,492</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 11 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #4:

Regional Superintendent Salary	\$ 107,640
Assistant Regional Superintendent Salary	96,888
Regional Superintendent Benefits (Includes State-paid insurance)	30,230
Assistant Regional Superintendent Benefits (Includes State paid insurance)	29,589
TRS Pension Contribution	514,873
Teachers' Health Insurance Security Contribution	<u>17,628</u>
 Total	 <u>\$ 796,848</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.

Boone and Winnebago Counties provide the Regional Office with staff and pay certain expenditures on behalf of the Regional Office. The expenditures paid on the Regional Office of Education #4's behalf for the year ended June 30, 2013, were as follows:

Boone County	
Administrative support	\$ 84,297
IMRF/FICA	7,985
Workers' Compensation	<u>1,082</u>
Total Boone County	<u>93,364</u>
Winnebago County	
Salaries & benefits	228,248
Purchased services & supplies	<u>119,695</u>
Total Winnebago County	<u>347,943</u>
Total Local On-Behalf Payments	<u>\$ 441,307</u>

These amounts have been recorded in the accompanying financial statements as local revenue and expenditures.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 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	
Title I - School Improvement & Accountability	\$ 11,629
Title II - Teacher Quality - Leadership	634

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #4's General Fund, Nonmajor Special Revenue Funds, Education Fund, and Agency Fund have funds due to/from various other governmental units which consist of the following:

Due from Other Governments:	
General Fund	
Local Governments	\$ 75,071
Illinois State Board of Education	331
Nonmajor Special Revenue Funds	
Local Governments	2,814
Education Fund	
Illinois State Board of Education	30,928
United States Department of Education	584,133
Agency Fund	
Illinois State Board of Education	274,168
Total	<u>\$ 967,445</u>
Due to Other Governments:	
Agency Fund	
Local Governments	\$ 857,192
Total	<u>\$ 857,192</u>

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
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	\$ 1,004,675	\$ 1,331,198	\$ 326,523	75.47%	\$ 567,273	57.56%
12/31/11	1,046,995	1,449,384	402,389	72.24%	527,888	76.23%
12/31/10	1,002,729	1,476,015	473,286	67.93%	482,162	98.16%

On a market value basis, the actuarial value of assets as of December 31, 2012, is \$1,056,915.

On a market basis, the funded ratio would be 79.40%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Boone/Winnebago ROE #4. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES  
SCHEDULE OF FUNDING PROGRESS  
(UNAUDITED)  
JUNE 30, 2012

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)
06/30/12	\$ -	\$ 16,977	\$ 16,977	0.00%	\$ 527,888	3.22%
06/30/11	-	-	-	0.00%	-	0.00%
06/30/10	-	-	-	0.00%	-	0.00%

OTHER SUPPLEMENTARY INFORMATION

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2013

	Audiovisual Co-op	Educational Service Center No. 1	General Operations	Payroll	Regional Attendance Cooperative
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,442	\$ 138,887	\$ 274,352	\$ 702,624	\$ -
Due from other funds	-	-	-	-	-
Due from other governments					
Local	-	-	2,700	72,371	-
State	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 10,442</b>	<b>\$ 138,887</b>	<b>\$ 277,052</b>	<b>\$ 774,995</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 253	\$ -	\$ -	\$ 2,014	\$ -
Accrued salaries and benefits	-	-	-	-	-
Due to other funds	-	-	-	772,981	-
<b>Total Liabilities</b>	<b>253</b>	<b>-</b>	<b>-</b>	<b>774,995</b>	<b>-</b>
<b>FUND BALANCE</b>					
Nonspendable	-	-	-	-	-
Assigned	10,189	138,887	-	-	-
Unassigned	-	-	277,052	-	-
<b>Total Fund Balance</b>	<b>10,189</b>	<b>138,887</b>	<b>277,052</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 10,442</b>	<b>\$ 138,887</b>	<b>\$ 277,052</b>	<b>\$ 774,995</b>	<b>\$ -</b>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2013

	Regional Alternative School - GSA	Regional Learning Center - GSA	Standards Aligned Classroom	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 785,185	\$ 366,399	\$ 28,969	\$ 2,306,858
Due from other funds	-	596,913	-	596,913
Due from other governments				
Local	-	-	-	75,071
State	-	331	-	331
Prepaid expenditures	-	27,509	-	27,509
<b>TOTAL ASSETS</b>	<b>\$ 785,185</b>	<b>\$ 991,152</b>	<b>\$ 28,969</b>	<b>\$ 3,006,682</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 435	\$ 147,199	\$ -	\$ 149,901
Accrued salaries and benefits	-	2,831	-	2,831
Due to other funds	-	-	-	772,981
<b>Total Liabilities</b>	<b>435</b>	<b>150,030</b>	<b>-</b>	<b>925,713</b>
<b>FUND BALANCE</b>				
Nonspendable	-	27,509	-	27,509
Assigned	784,750	813,613	28,969	1,776,408
Unassigned	-	-	-	277,052
<b>Total Fund Balance</b>	<b>784,750</b>	<b>841,122</b>	<b>28,969</b>	<b>2,080,969</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 785,185</b>	<b>\$ 991,152</b>	<b>\$ 28,969</b>	<b>\$ 3,006,682</b>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	Audiovisual Co-op	Educational Service Center No. 1	General Operations	Payroll	Regional Attendance Cooperative
<b>REVENUES</b>					
Local sources	\$ 5,064	\$ -	\$ 11,900	\$ -	\$ 127,050
On-behalf payments - Local	-	-	441,307	-	-
State sources	-	-	-	-	-
On-behalf payments - State	-	-	796,848	-	-
Federal sources	-	-	-	-	-
Total Revenues	<u>5,064</u>	<u>-</u>	<u>1,250,055</u>	<u>-</u>	<u>127,050</u>
<b>EXPENDITURES</b>					
Salaries and benefits	6,705	-	29,373	-	-
Purchased services	249	-	39,743	-	-
Supplies and materials	2,201	-	1,072	-	-
Other objects	-	-	95	-	-
Capital outlay	-	-	-	-	-
Payments to governments	-	-	-	-	129,150
On-behalf expenditures - Local	-	-	441,307	-	-
On-behalf expenditures - State	-	-	796,848	-	-
Total Expenditures	<u>9,155</u>	<u>-</u>	<u>1,308,438</u>	<u>-</u>	<u>129,150</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(4,091)</u>	<u>-</u>	<u>(58,383)</u>	<u>-</u>	<u>(2,100)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	2,100
Transfers out	-	-	(18,294)	-	-
Interest income	-	503	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>503</u>	<u>(18,294)</u>	<u>-</u>	<u>2,100</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(4,091)</u>	<u>503</u>	<u>(76,677)</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - BEGINNING</b>	<u>14,280</u>	<u>138,384</u>	<u>353,729</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 10,189</u>	<u>\$ 138,887</u>	<u>\$ 277,052</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	Regional Alternative School - GSA	Regional Learning Center - GSA	Standards Aligned Classroom	TOTALS
<b>REVENUES</b>				
Local sources	\$ -	\$ 356,993	\$ -	\$ 501,007
On-behalf payments - Local	-	-	-	441,307
State sources	411,951	515,822	-	927,773
On-behalf payments - State	-	-	-	796,848
Federal sources	-	33,062	-	33,062
Total Revenues	<u>411,951</u>	<u>905,877</u>	<u>-</u>	<u>2,699,997</u>
<b>EXPENDITURES</b>				
Salaries and benefits	408,667	1,114,930	-	1,559,675
Purchased services	48,903	160,075	60	249,030
Supplies and materials	16,221	92,670	-	112,164
Other objects	-	148	-	243
Capital outlay	1,473	15,280	-	16,753
Payments to governments	-	-	-	129,150
On-behalf expenditures - Local	-	-	-	441,307
On-behalf expenditures - State	-	-	-	796,848
Total Expenditures	<u>475,264</u>	<u>1,383,103</u>	<u>60</u>	<u>3,305,170</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(63,313)</u>	<u>(477,226)</u>	<u>(60)</u>	<u>(605,173)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,228	-	3,328
Transfers out	-	(24,970)	-	(43,264)
Interest income	3,310	3,999	-	7,812
Total Other Financing Sources (Uses)	<u>3,310</u>	<u>(19,743)</u>	<u>-</u>	<u>(32,124)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(60,003)</u>	<u>(496,969)</u>	<u>(60)</u>	<u>(637,297)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>844,753</u>	<u>1,338,091</u>	<u>29,029</u>	<u>2,718,266</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 784,750</u>	<u>\$ 841,122</u>	<u>\$ 28,969</u>	<u>\$ 2,080,969</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2013

	McKinney-Vento Homeless Children and Youth	Principal Mentoring	Regional Safe Schools	ROE/ISC Operations	Technology for Success
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 6,354	\$ -	\$ 58,991	\$ -
Due from other governments:					
State	-	-	16,933	11,019	2,976
Federal	19,972	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 19,972</b>	<b>\$ 6,354</b>	<b>\$ 16,933</b>	<b>\$ 70,010</b>	<b>\$ 2,976</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,066	\$ -	\$ 15,040	\$ 1,630	\$ 316
Due to other funds	17,906	-	1,843	-	2,660
Unearned revenue	-	-	50	68,380	-
<b>Total Liabilities</b>	<b>19,972</b>	<b>-</b>	<b>16,933</b>	<b>70,010</b>	<b>2,976</b>
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	6,354	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>6,354</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 19,972</b>	<b>\$ 6,354</b>	<b>\$ 16,933</b>	<b>\$ 70,010</b>	<b>\$ 2,976</b>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2013

	Title I - School Improvement & Accountability	Title II - Teacher Quality	Title II - Teacher Quality - Leadership	Truants Alternative	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 30,371	\$ 95,716
Due from other governments:					
State	-	-	-	-	30,928
Federal	552,461	-	11,700	-	584,133
<b>TOTAL ASSETS</b>	<b>\$ 552,461</b>	<b>\$ -</b>	<b>\$ 11,700</b>	<b>\$ 30,371</b>	<b>\$ 710,777</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,529	\$ -	\$ -	\$ 30,371	\$ 50,952
Due to other funds	550,932	-	11,700	-	585,041
Unearned revenue	11,629	-	634	-	80,693
<b>Total Liabilities</b>	<b>564,090</b>	<b>-</b>	<b>12,334</b>	<b>30,371</b>	<b>716,686</b>
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	-	-	-	6,354
Unassigned	(11,629)	-	(634)	-	(12,263)
<b>Total Fund Balance (Deficit)</b>	<b>(11,629)</b>	<b>-</b>	<b>(634)</b>	<b>-</b>	<b>(5,909)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 552,461</b>	<b>\$ -</b>	<b>\$ 11,700</b>	<b>\$ 30,371</b>	<b>\$ 710,777</b>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	McKinney-Vento Homeless Children and Youth	Principal Mentoring	Regional Safe Schools	ROE/ISC Operations	Technology for Success
<b>REVENUES</b>					
State sources	\$ -	\$ -	\$ 169,334	\$ 132,477	\$ 111,125
Federal sources	136,396	-	-	-	-
Total Revenues	<u>136,396</u>	<u>-</u>	<u>169,334</u>	<u>132,477</u>	<u>111,125</u>
<b>EXPENDITURES</b>					
Salaries and benefits	34,951	-	160,559	106,020	95,343
Purchased services	1,030	-	-	25,835	12,868
Supplies and materials	254	-	77	142	2,230
Other objects	-	-	-	480	-
Capital outlay	-	-	8,698	-	684
Payments to other governments	60,672	-	-	-	-
Total Expenditures	<u>96,907</u>	<u>-</u>	<u>169,334</u>	<u>132,477</u>	<u>111,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>39,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	6,852	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>6,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	46,341	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>(46,341)</u>	<u>6,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ 6,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	Title I - School Improvement & Accountability	Title II - Teacher Quality	Title II - Teacher Quality - Leadership	Truants Alternative	TOTALS
<b>REVENUES</b>					
State sources	\$ -	\$ -	\$ -	\$ 327,012	\$ 739,948
Federal sources	1,940,475	4,171	11,700	-	2,092,742
Total Revenues	<u>1,940,475</u>	<u>4,171</u>	<u>11,700</u>	<u>327,012</u>	<u>2,832,690</u>
<b>EXPENDITURES</b>					
Salaries and benefits	625,654	-	634	276,696	1,299,857
Purchased services	113,128	2,943	11,700	65,340	232,844
Supplies and materials	7,920	-	-	994	11,617
Other objects	33,400	-	-	-	33,880
Capital outlay	6,982	-	-	-	16,364
Payments to other governments	876,742	-	-	-	937,414
Total Expenditures	<u>1,663,826</u>	<u>2,943</u>	<u>12,334</u>	<u>343,030</u>	<u>2,531,976</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>276,649</u>	<u>1,228</u>	<u>(634)</u>	<u>(16,018)</u>	<u>300,714</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	16,018	22,870
Transfers out	-	(1,228)	-	-	(1,228)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,228)</u>	<u>-</u>	<u>16,018</u>	<u>21,642</u>
NET CHANGE IN FUND BALANCE	276,649	-	(634)	-	322,356
FUND BALANCE (DEFICIT) - BEGINNING	<u>(288,278)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(328,265)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (11,629)</u>	<u>\$ -</u>	<u>\$ (634)</u>	<u>\$ -</u>	<u>\$ (5,909)</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
McKINNEY-VENTO HOMELESS CHILDREN AND YOUTH  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 95,381	\$ 96,381	\$ 136,396
Total Revenue	<u>95,381</u>	<u>96,381</u>	<u>136,396</u>
EXPENDITURES			
Salaries and benefits	29,718	29,714	34,951
Purchased services	1,824	1,783	1,030
Supplies and materials	360	1,406	254
Payments to other governments	63,479	63,478	60,672
Total Expenditures	<u>95,381</u>	<u>96,381</u>	<u>96,907</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>39,489</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>-</u>	<u>-</u>	<u>6,852</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>6,852</u>
NET CHANGE IN FUND BALANCE	-	-	46,341
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(46,341)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 169,334	\$ 169,334	\$ 169,334
Total Revenue	<u>169,334</u>	<u>169,334</u>	<u>169,334</u>
EXPENDITURES			
Salaries and benefits	160,559	160,559	160,559
Supplies and materials	-	-	77
Capital outlay	8,775	8,775	8,698
Total Expenditures	<u>169,334</u>	<u>169,334</u>	<u>169,334</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>

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 52,183	\$ 52,183	\$ 132,477
Total Revenue	<u>52,183</u>	<u>52,183</u>	<u>132,477</u>
EXPENDITURES			
Salaries and benefits	44,350	39,210	106,020
Purchased services	7,725	12,102	25,835
Supplies and materials	-	-	142
Other objects	108	871	480
Total Expenditures	<u>52,183</u>	<u>52,183</u>	<u>132,477</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenue exceeds budgeted amount because the Regional Office of Education #4 also received pass-through funding in this program.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TECHNOLOGY FOR SUCCESS  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUE			
State	\$ 52,829	\$ 110,990	\$ 111,125
Total Revenue	<u>52,829</u>	<u>110,990</u>	<u>111,125</u>
EXPENDITURES			
Salaries and benefits	49,844	97,375	95,343
Purchased services	2,985	12,950	12,868
Supplies and materials	-	665	2,230
Capital outlay	-	-	684
Payments to other governments	-	-	-
Total Expenditures	<u>52,829</u>	<u>110,990</u>	<u>111,125</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE I - SCHOOL IMPROVEMENT & ACCOUNTABILITY (12-4331-SS)  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 1,755,626	\$ 1,767,626	\$ 364,142
Total Revenue	<u>1,755,626</u>	<u>1,767,626</u>	<u>364,142</u>
EXPENDITURES			
Salaries and benefits	662,169	543,220	-
Purchased services	388,835	344,013	7,192
Supplies and materials	30,729	37,409	714
Capital outlay	-	6,400	6,982
Payments to other governments	659,538	823,284	60,976
Other objects	14,355	13,300	-
Total Expenditures	<u>1,755,626</u>	<u>1,767,626</u>	<u>75,864</u>
NET CHANGE IN FUND BALANCE	-	-	288,278
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(288,278)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2011, to August 31, 2012; only part of the grant was received and expended in the current fiscal year.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE I - SCHOOL IMPROVEMENT & ACCOUNTABILITY (13-4331-SS)  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 1,614,101	\$ 1,614,101	\$ 1,576,333
Total Revenue	<u>1,614,101</u>	<u>1,614,101</u>	<u>1,576,333</u>
EXPENDITURES			
Salaries and benefits	789,048	628,851	625,654
Purchased services	374,660	109,732	105,936
Supplies and materials	11,106	7,026	7,206
Payments to other governments	406,810	838,700	815,766
Other objects	32,477	29,792	33,400
Total Expenditures	<u>1,614,101</u>	<u>1,614,101</u>	<u>1,587,962</u>
NET CHANGE IN FUND BALANCE	-	-	(11,629)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,629)</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
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	\$ 2,437	\$ 2,437	\$ 4,171
Total Revenue	<u>2,437</u>	<u>2,437</u>	<u>4,171</u>
EXPENDITURES			
Purchased services	<u>2,437</u>	<u>2,437</u>	<u>2,943</u>
Total Expenditures	<u>2,437</u>	<u>2,437</u>	<u>2,943</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,228</u>
OTHER FINANCING SOURCES (USES):			
Transfer out	<u>-</u>	<u>-</u>	<u>(1,228)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,228)</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER QUALITY - LEADERSHIP  
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 12,285	\$ 12,285	\$ 11,700
Total Revenue	<u>12,285</u>	<u>12,285</u>	<u>11,700</u>
EXPENDITURES			
Salaries and benefits	585	585	634
Purchased services	<u>11,700</u>	<u>11,700</u>	<u>11,700</u>
Total Expenditures	<u>12,285</u>	<u>12,285</u>	<u>12,334</u>
NET CHANGE IN FUND BALANCE	-	-	(634)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (634)</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 327,012	\$ 327,012	\$ 327,012
Total Revenue	<u>327,012</u>	<u>327,012</u>	<u>327,012</u>
EXPENDITURES			
Salaries and benefits	261,462	261,462	276,696
Purchased services	64,550	64,550	65,340
Supplies and materials	1,000	1,000	994
Total Expenditures	<u>327,012</u>	<u>327,012</u>	<u>343,030</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(16,018)</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	16,018
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>16,018</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	General Education Development	Bus Driver Training	Supervisory	Institute	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 93,068	\$ 13,661	\$ 1,051	\$ 79,665	\$ 187,445
Due from other governments - Local	1,170	1,644	-	-	2,814
<b>TOTAL ASSETS</b>	<b>\$ 94,238</b>	<b>\$ 15,305</b>	<b>\$ 1,051</b>	<b>\$ 79,665</b>	<b>\$ 190,259</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,843	\$ -	\$ -	\$ -	\$ 2,843
Accrued salaries and benefits	8,872	-	-	-	8,872
Due to other funds	-	-	-	20,652	20,652
<b>Total Liabilities</b>	<b>11,715</b>	<b>-</b>	<b>-</b>	<b>20,652</b>	<b>32,367</b>
<b>FUND BALANCES</b>					
Restricted	82,523	15,305	1,051	59,013	157,892
<b>Total Fund Balances</b>	<b>82,523</b>	<b>15,305</b>	<b>1,051</b>	<b>59,013</b>	<b>157,892</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 94,238</b>	<b>\$ 15,305</b>	<b>\$ 1,051</b>	<b>\$ 79,665</b>	<b>\$ 190,259</b>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
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	Supervisory	Institute	TOTALS
REVENUES					
Local sources	\$ 88,438	\$ 9,056	\$ -	\$ 106,076	\$ 203,570
State sources	-	2,036	-	-	2,036
Total Revenues	<u>88,438</u>	<u>11,092</u>	<u>-</u>	<u>106,076</u>	<u>205,606</u>
EXPENDITURES					
Salaries and benefits	43,089	-	-	5,598	48,687
Purchased services	26,771	6,240	403	72,626	106,040
Supplies and materials	21,131	2,242	-	3,852	27,225
Capital outlay	50,960	-	-	23,054	74,014
Other objects	230	-	-	120	350
Total Expenditures	<u>142,181</u>	<u>8,482</u>	<u>403</u>	<u>105,250</u>	<u>256,316</u>
NET CHANGE IN FUND BALANCE	(53,743)	2,610	(403)	826	(50,710)
FUND BALANCE - BEGINNING	<u>136,266</u>	<u>12,695</u>	<u>1,454</u>	<u>58,187</u>	<u>208,602</u>
FUND BALANCE - ENDING	<u>\$ 82,523</u>	<u>\$ 15,305</u>	<u>\$ 1,051</u>	<u>\$ 59,013</u>	<u>\$ 157,892</u>

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		
	Global Education	Fingerprinting	TOTALS
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,189	\$ 29,494	\$ 36,683
TOTAL ASSETS	7,189	29,494	36,683
NET POSITION			
Unrestricted	7,189	29,494	36,683
TOTAL NET POSITION	\$ 7,189	\$ 29,494	\$ 36,683

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		TOTALS
	Global Education	Fingerprinting	
OPERATING REVENUES			
Charges for services	\$ 1,101	\$ 37,537	\$ 38,638
Total Operating Revenues	1,101	37,537	38,638
OPERATING EXPENSES			
Salaries and benefits	-	11,400	11,400
Purchased services	2,560	19,574	22,134
Supplies and materials	729	43	772
Total Operating Expenses	3,289	31,017	34,306
OPERATING INCOME (LOSS)	(2,188)	6,520	4,332
NONOPERATING REVENUE			
Transfers in	-	18,294	18,294
Interest income	33	230	263
Total Nonoperating Revenue	33	18,524	18,557
CHANGE IN NET POSITION	(2,155)	25,044	22,889
TOTAL NET POSITION - BEGINNING	9,344	4,450	13,794
TOTAL NET POSITION - ENDING	\$ 7,189	\$ 29,494	\$ 36,683

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		
	Global Education	Fingerprinting	TOTALS
Cash Flows from Operating Activities:			
Receipts from customers	\$ 1,101	\$ 37,537	\$ 38,638
Payments to suppliers and providers of goods and services	(3,289)	(19,617)	(22,906)
Payments to employees	-	(11,400)	(11,400)
Net Cash Provided by (Used for) Operating Activities	<u>(2,188)</u>	<u>6,520</u>	<u>4,332</u>
Cash Flows from Noncapital Financing Activities:			
Cash transfers from other funds	-	18,294	18,294
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>18,294</u>	<u>18,294</u>
Cash Flows from Investing Activities:			
Interest income	33	230	263
Net Cash Provided by Investing Activities	<u>33</u>	<u>230</u>	<u>263</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,155)	25,044	22,889
Cash and cash equivalents - Beginning	<u>9,344</u>	<u>4,450</u>	<u>13,794</u>
Cash and cash equivalents - Ending	<u>\$ 7,189</u>	<u>\$ 29,494</u>	<u>\$ 36,683</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	<u>\$ (2,188)</u>	<u>\$ 6,520</u>	<u>\$ 4,332</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,188)</u>	<u>\$ 6,520</u>	<u>\$ 4,332</u>

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>CAREER EDUCATION ASSOCIATES</u>				
<u>OF NORTH CENTRAL ILLINOIS</u>				
ASSETS				
Cash and cash equivalents	\$ 692,262	\$ 1,675,208	\$ 1,740,093	\$ 627,377
Due from other governments	232,806	274,168	232,806	274,168
Total Assets	<u>\$ 925,068</u>	<u>\$ 1,949,376</u>	<u>\$ 1,972,899</u>	<u>\$ 901,545</u>
LIABILITIES				
Accounts payable	\$ 54,088	\$ 44,353	\$ 54,088	\$ 44,353
Accrued salaries and benefits	4,130	-	4,130	-
Due to other governments	866,850	1,905,023	1,914,681	857,192
Total Liabilities	<u>\$ 925,068</u>	<u>\$ 1,949,376</u>	<u>\$ 1,972,899</u>	<u>\$ 901,545</u>

FEDERAL COMPLIANCE SECTION

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/Pass-Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/12-6/30/13</u>
<b>US Department of Education passed through Illinois State Board of Education</b>			
Title I - Grants to Local Educational Agencies			
Title I - School Improvement and Accountability	84.010A	12-4331-SS	\$ 65,587
Title I - School Improvement and Accountability	84.010A	13-4331-SS	1,598,239
Total Title I - Grants to Local Educational Agencies			<u>1,663,826 (M)</u>
Improving Teacher Quality State Grants			
Title II - Teacher Quality	84.367A	13-4932-00	2,943
Title II - Teacher Quality - Leadership	84.367A	13-4935-02	12,334
Total Improving Teacher Quality State Grants			<u>15,277</u>
<b>Total US Department of Education passed through     Illinois State Board of Education</b>			<u>1,679,103</u>
<b>US Department of Education passed through Other Entities</b>			
Education for Homeless Children and Youth			
Passed through Regional Office of Education #47			
McKinney-Vento Homeless Children and Youth	84.196A	13-4920-00	75,371
Passed through Harlem School District #122			
McKinney-Vento Homeless Children and Youth	84.196A	13-4920-00	14,684
Total Education for Homeless Children and Youth			<u>90,055</u>
<b>Total US Department of Education     passed through Other Entities</b>			<u>90,055</u>
<b>Total US Department of Education</b>			<u>1,769,158</u>
<b>US Department of Agriculture passed through Illinois State Board of Education</b>			
Child Nutrition Cluster			
National School Lunch Program	10.555	13-4210-00	22,514
School Breakfast Program	10.553	13-4220-00	10,548
Total Child Nutrition Cluster			<u>33,062</u>
<b>Total US Department of Agriculture passed through     Illinois State Board of Education</b>			<u>33,062</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,802,220</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Boone/Winnebago Counties Regional Office of Education #4 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Regional Office of Education #4 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
Title I – Grants to Local Educational Agencies (Title I – School Improvement & Accountability)	84.010A	\$ 876,742
McKinney-Vento Homeless Children and Youth	84.196A	60,672

NOTE 3 – DESCRIPTION OF MAJOR FEDERAL PROGRAMS

Title I – Grants to Local Educational Agencies (Title I – School Improvement & Accountability) – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #4 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

NOTE 4 – NON-CASH ASSISTANCE

None

NOTE 5 – AMOUNT OF INSURANCE

None

NOTE 6 – LOANS OR GUARANTEES OUTSTANDING

None