

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, 2014

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

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 JUNE 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
Agency Officials	1
Compliance Report Summary	2-3
Financial Statement Report Summary	4
 FINANCIAL SECTION	
Independent Auditors' Report	5-7
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 <i>Government Auditing Standards</i>	8-9
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133	10-12
 Schedule of Findings and Questioned Costs	
Section I – Summary of Auditors' Results	13
Section II – Financial Statement Findings	14a-14b
Section III –Federal Award Findings	15
Corrective Action Plan for Current-Year Audit Findings	16a
Summary Schedule of Prior Audit Findings	17
Management's Discussion and Analysis	18a-18f
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
 Fund Financial Statements	
Balance Sheet – Governmental Funds	21
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	24
Statement of Net Position – Proprietary Funds	25

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	26
Statement of Cash Flows – Proprietary Funds.....	27
Statement of Fiduciary Net Position – Fiduciary Funds	28
Notes to the Financial Statements	29-57

REQUIRED SUPPLEMENTARY INFORMATION

Illinois Municipal Retirement Fund – Schedule of Funding Progress	58
Other Postemployment Benefits – Health Insurance Plan for Retired Employees – Schedule of Funding Progress	58

OTHER SUPPLEMENTARY INFORMATION

Combining Schedule of Accounts - General Fund	59-60
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts	61-62
Combining Schedule of Accounts - Education Fund.....	63-64
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Education Fund Accounts	65-66
Budgetary Comparison Schedules - Education Fund	
McKinney-Vento Homeless Children and Youth.....	67
Regional Safe Schools	68
ROE/ISC Operations.....	69
Technology for Success	70
Title II – Teacher Quality	71
Title II – Teacher Quality – Leadership (13-4935)	72
Title II – Teacher Quality – Leadership (14-4935).....	73
Truants Alternative	74
Combining Balance Sheet – Nonmajor Special Revenue Funds	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	76
Combining Statement of Net Position – Nonmajor Proprietary Funds	77
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds	78
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	79
Combining Statement of Fiduciary Net Position – Agency Funds.....	80
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	81
Schedule of Disbursements to School District Treasurers and Other Entities – Boone County School Facility Occupation Tax	82

FEDERAL COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards.....	83
Notes to the Schedule of Expenditures of Federal Awards	84

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
JUNE 30, 2014

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, 2014

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	1	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	1

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>
-----------------	-------------	--------------------	---------------------

FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2014-001	14a	Controls over Financial Statement Preparation	Material Weakness
----------	-----	---	-------------------

FINDINGS AND QUESTIONED COSTS (*FEDERAL COMPLIANCE*)

None

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

2013-002	17	Insufficient Collateralization of Bank Deposits	Noncompliance
----------	----	---	---------------

PRIOR FINDINGS NOT REPEATED (*FEDERAL COMPLIANCE*)

None

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
JUNE 30, 2014

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 25, 2014. Attending were Dr. Lori Fanello, Regional Superintendent; Dr. Linda Oshita, Assistant Regional Superintendent; Cyndy Sheetz, Assistant Office Manager; Renee Barker, Grant Bookkeeper; Lori Anne Ludemann, Grant Bookkeeper; and Tami Knight, CPA, Partner, 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, 2014

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, 2014, 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, 2014, 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 58 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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, the Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards, as required by 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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, the Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves,

and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, the Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 January 9, 2015, 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
January 9, 2015

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, 2014, 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 January 9, 2015.

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 2014-001 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Regional Office of Education #4's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
January 9, 2015



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, 2014. 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, 2014.

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
January 9, 2015

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2014

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

Federal Awards

Internal control over major federal programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditors’ report issued on compliance for major federal 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 federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2014-001 – Controls over Financial Statement Preparation (Repeat of Finding 13-001, 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 unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and unearned revenue and made entries to record them, not all accounts payable, accounts receivable, and unearned 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, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 2014-001 – Controls over Financial Statement Preparation (Repeat of Finding 13-001, 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 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 a Software Specialist to ascertain that our accounting program is up to date and that 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, 2014

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, 2014

Corrective Action Plan

Finding No. 2014-001 – 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 unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and unearned revenue and made entries to record them, not all accounts payable, accounts receivable, and unearned 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 a Software Specialist to ascertain our accounting program is up to date and that 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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2013-001	Controls over Financial Statement Preparation	Repeated as 2014-001
2013-002	Insufficient Collateralization of Bank Deposits	Corrected

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014, with comparative information for the year ended June 30, 2013. Readers are encouraged to consider the information in conjunction with the Regional Office of Education #4's basic financial statements.

2014 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$576,211 (21%) from \$2,699,997 in FY 2013 to \$3,276,208 in FY 2014. General Fund expenditures increased by \$392,242 (12%) from \$3,305,170 in FY 2013 to \$3,697,412 in FY 2014.
- Within the Governmental Funds, the Special Revenue Fund revenues decreased by \$1,417,902 (47%) from \$3,038,296 in FY 2013 to \$1,620,394 in FY 2014. The Special Revenue Fund expenditures decreased by \$1,162,144 (42%) from \$2,788,292 in FY 2013 to \$1,626,148 in FY 2014.
- The Enterprise Fund revenues decreased by \$302,502 (57%) from \$526,499 in FY 2013 to \$223,997 in FY 2014. The Enterprise Fund expenditures decreased by \$42,523 (9%) from \$479,475 in FY 2013 to \$436,952 in FY 2014.
- The Regional Office of Education #4 has \$50,412 of long-term debt related to a cost-sharing agreement for a leasehold improvement.

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, 2014**

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources—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, 2014**

- (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 2014 and FY 2013 totaled \$3,139,579 and \$3,934,339, respectively. The analysis that follows provides a summary of the Regional Office of Education #4's net position as of June 30, 2014 and 2013.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 2,487,672	\$ 2,529,044	\$ 1,083,959	\$ 1,583,040	\$ 3,571,631	\$ 4,112,084
Capital assets, net	281,025	113,694	-	-	281,025	113,694
Total assets	2,768,697	2,642,738	1,083,959	1,583,040	3,852,656	4,225,778
Current liabilities	673,065	283,829	600	7,610	673,665	291,439
Noncurrent liabilities	39,412	-	-	-	39,412	-
Total liabilities	712,477	283,829	600	7,610	713,077	291,439
Net position:						
Invested in capital assets	230,613	113,694	-	-	230,613	113,694
Restricted for educational purposes	159,402	164,246	-	-	159,402	164,246
Unrestricted	1,666,205	2,080,969	1,083,359	1,575,430	2,749,564	3,656,399
Total net position	\$ 2,056,220	\$ 2,358,909	\$ 1,083,359	\$ 1,575,430	\$ 3,139,579	\$ 3,934,339

The Regional Office of Education #4's net position decreased by \$794,760 (20%) from FY 2013. Part of the decrease, \$267,691, was the result of reclassifications, as described in Note 14 of the financial statements. The remainder of the decrease in the governmental funds was due to the fact that State grant revenues were down significantly from FY 2013, and in the proprietary funds due to decreased workshop activity. 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, 2014**

CHANGES IN NET POSITION

The following analysis shows the changes in net position for the years ended June 30, 2014 and 2013.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 1,423,549	\$ 2,517,385	\$ -	\$ -	\$ 1,423,549	\$ 2,517,385
General revenues:						
Local sources	989,320	704,577	-	-	989,320	704,577
State sources	946,920	955,820	-	-	946,920	955,820
On-behalf payments	1,524,550	1,238,155	-	-	1,524,550	1,238,155
Charges for services	-	-	223,997	526,499	223,997	526,499
Investment earnings	7,478	7,812	710	2,101	8,188	9,913
Total revenues	<u>4,891,817</u>	<u>5,423,749</u>	<u>224,707</u>	<u>528,600</u>	<u>5,116,524</u>	<u>5,952,349</u>
Expenses:						
Programs expenses:						
Salaries and benefits	2,545,109	2,908,219	181,960	136,506	2,727,069	3,044,725
Purchased services	821,435	587,914	234,744	320,948	1,056,179	908,862
Supplies and materials	136,311	151,006	11,335	19,879	147,646	170,885
Other objects	3,738	34,473	187	2,142	3,925	36,615
Payments to other governments	143,965	1,066,564	8,726	-	152,691	1,066,564
Depreciation	31,533	13,762	-	-	31,533	13,762
Administrative expenses:						
On-behalf payments	1,524,550	1,238,155	-	-	1,524,550	1,238,155
Total expenses	<u>5,206,641</u>	<u>6,000,093</u>	<u>436,952</u>	<u>479,475</u>	<u>5,643,593</u>	<u>6,479,568</u>
Other financing sources (uses):						
Operating transfers	(1,010)	(18,294)	1,010	18,294	-	-
Changes in net position	(315,834)	(594,638)	(211,235)	67,419	(527,069)	(527,219)
Net position, beginning of year, restated	2,372,054	2,953,547	1,294,594	1,508,011	3,666,648	4,461,558
Net position, end of year	<u>\$ 2,056,220</u>	<u>\$ 2,358,909</u>	<u>\$ 1,083,359</u>	<u>\$ 1,575,430</u>	<u>\$ 3,139,579</u>	<u>\$ 3,934,339</u>

Governmental Activities

Revenues for governmental activities were \$4,891,817, and expenses were \$5,206,641. The decrease in revenues of \$531,932 (10%) and decrease in expenditures of \$793,452 (13%) is due to less salaries, supplies and materials, and payments to other governments to offset the decrease in revenues. Interest income decreased from \$7,812 in FY 2013 to \$7,478 in FY 2014 because the investment balances decreased. Individual grant revenue decreased from FY 2013 as certain programs were not funded or funding was reduced in FY 2014. 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, 2014**

Business-Type Activities

Revenues for business-type activities were \$224,707 and expenditures were \$436,952. The decrease in revenues and expenditures was the result of the reclassification of the Raising Student Achievement Conference (RSAC). See Note 14 in the financial statements.

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 \$1,825,607, a decrease of \$420,490 (19%) from FY 2013 (restated amount).

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 decreased by \$211,235 (16%), from \$1,294,594 (restated) in FY 2013 to \$1,083,359 in FY 2014. The decrease resulted from reclassification of the Raising Student Achievement Conference (RSAC). See Note 14 in the financial statements.

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 2014, total additions were \$198,864. Depreciation expense for FY 2014 was \$31,533. See Note 10 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, 2014**

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 2015 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 2015.
- 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, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,115,581	\$ 921,355	\$ 3,036,936
Accounts receivable	6,844	925	7,769
Due from other funds	-	161,679	161,679
Due from other governments:			
Local	17,290	-	17,290
State	133,851	-	133,851
Federal	200,812	-	200,812
Prepaid expenditures	13,294	-	13,294
Total Current Assets	2,487,672	1,083,959	3,571,631
Noncurrent Assets:			
Capital assets, being depreciated, net	281,025	-	281,025
TOTAL ASSETS	2,768,697	1,083,959	3,852,656
LIABILITIES			
Current Liabilities:			
Accounts payable	5,138	466	5,604
Accrued salaries and benefits	174,528	-	174,528
Due to other funds	161,545	134	161,679
Unearned revenue	320,854	-	320,854
Current portion of long-term liability	11,000	-	11,000
Total Current Liabilities	673,065	600	673,665
Noncurrent Liabilities:			
Long-term liability	39,412	-	39,412
TOTAL LIABILITIES	712,477	600	713,077
NET POSITION			
Invested in capital assets, net of related debt	230,613	-	230,613
Restricted for educational purposes	159,402	-	159,402
Unrestricted	1,666,205	1,083,359	2,749,564
TOTAL NET POSITION	\$ 2,056,220	\$ 1,083,359	\$ 3,139,579

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, 2014

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 2,545,109	\$ -	\$ 796,824	\$ (1,748,285)	\$ -	\$ (1,748,285)
Purchased services	821,435	-	331,477	(489,958)	-	(489,958)
Supplies and materials	136,311	-	2,556	(133,755)	-	(133,755)
Other objects	3,738	-	275	(3,463)	-	(3,463)
Depreciation expense	31,533	-	-	(31,533)	-	(31,533)
Capital outlay	-	-	148,452	148,452	-	148,452
Payments to other governments	143,965	-	143,965	-	-	-
Administrative:						
On-behalf payments - Local	565,066	-	-	(565,066)	-	(565,066)
On-behalf payments - State	959,484	-	-	(959,484)	-	(959,484)
Total Governmental Activities	<u>5,206,641</u>	<u>-</u>	<u>1,423,549</u>	<u>(3,783,092)</u>	<u>-</u>	<u>(3,783,092)</u>
Business-Type Activities:						
Charges for services	436,952	223,997	-	-	(212,955)	(212,955)
Total Business-Type Activities	<u>436,952</u>	<u>223,997</u>	<u>-</u>	<u>-</u>	<u>(212,955)</u>	<u>(212,955)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,643,593</u>	<u>\$ 223,997</u>	<u>\$ 1,423,549</u>	<u>(3,783,092)</u>	<u>(212,955)</u>	<u>(3,996,047)</u>
GENERAL REVENUES:						
Local sources				989,320	-	989,320
State sources				946,920	-	946,920
On-behalf payments - Local				565,066	-	565,066
On-behalf payments - State				959,484	-	959,484
Transfers in (out)				(1,010)	1,010	-
Investment earnings				7,478	710	8,188
Total General Revenues and Transfers				<u>3,467,258</u>	<u>1,720</u>	<u>3,468,978</u>
CHANGE IN NET POSITION				(315,834)	(211,235)	(527,069)
NET POSITION - BEGINNING,						
Restated (See Note 14)				2,372,054	1,294,594	3,666,648
NET POSITION - ENDING				<u>\$ 2,056,220</u>	<u>\$ 1,083,359</u>	<u>\$ 3,139,579</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, 2014

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,610,656	\$ 372,503	\$ 132,422	\$ -	\$ 2,115,581
Accounts receivable	-	-	6,844		6,844
Due from other funds	64,338	-	8,081	(72,419)	-
Due from other governments:					
Local	3,130	-	14,160	-	17,290
State	94,110	39,741	-	-	133,851
Federal	-	200,812	-	-	200,812
Prepaid expenditures	13,294	-	-	-	13,294
TOTAL ASSETS	\$ 1,785,528	\$ 613,056	\$ 161,507	\$ (72,419)	\$ 2,487,672
LIABILITIES					
Accounts payable	\$ 3,464	\$ 1,215	\$ 459	\$ -	\$ 5,138
Accrued salaries and benefits	115,859	58,669	-	-	174,528
Due to other funds	-	225,964	8,000	(72,419)	161,545
Unearned revenue	-	320,854	-	-	320,854
Total Liabilities	119,323	606,702	8,459	(72,419)	662,065
FUND BALANCE (DEFICIT)					
Nonspendable	13,294	-	-	-	13,294
Restricted	-	6,354	153,048	-	159,402
Assigned	1,423,190	-	-	-	1,423,190
Unassigned	229,721	-	-	-	229,721
Total Fund Balance (Deficit)	1,666,205	6,354	153,048	-	1,825,607
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 1,785,528	\$ 613,056	\$ 161,507	\$ (72,419)	\$ 2,487,672

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, 2014

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 1,825,607

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. 281,025

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the governmental funds (50,412)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,056,220

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, 2014

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 661,418	\$ 172,639	\$ 155,263	\$ -	\$ 989,320
On-behalf payments - Local	565,066	-	-	-	565,066
State sources	1,027,468	767,358	2,036	-	1,796,862
On-behalf payments - State	959,484	-	-	-	959,484
Federal sources	62,772	523,098	-	-	585,870
Total Revenues	3,276,208	1,463,095	157,299	-	4,896,602
EXPENDITURES					
Instructional Services:					
Salaries and benefits	1,663,347	828,742	53,020	-	2,545,109
Purchased services	308,334	470,035	43,066	-	821,435
Supplies and materials	113,196	8,463	14,652	-	136,311
Other objects	1,113	275	2,350	-	3,738
Payments to other governments	-	143,965	-	-	143,965
On-behalf payments - Local	565,066	-	-	-	565,066
On-behalf payments - State	959,484	-	-	-	959,484
Capital outlay	86,872	-	61,580	-	148,452
Total Expenditures	3,697,412	1,451,480	174,668	-	5,323,560
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(421,204)	11,615	(17,369)	-	(426,958)
OTHER FINANCING SOURCES (USES):					
Transfers out	-	-	(1,010)	-	(1,010)
Interest income	6,440	648	390	-	7,478
Total Other Financing Sources (Uses)	6,440	648	(620)	-	6,468
NET CHANGE IN FUND BALANCE	(414,764)	12,263	(17,989)	-	(420,490)
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 14)	2,080,969	(5,909)	171,037	-	2,246,097
FUND BALANCE - ENDING	\$ 1,666,205	\$ 6,354	\$ 153,048	\$ -	\$ 1,825,607

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, 2014

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ (420,490)

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	\$ 148,452	
Depreciation expense	<u>(31,533)</u>	116,919

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

Prior year unavailable revenue - Federal sources	<u>(12,263)</u>
--	-----------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (315,834)

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities Enterprise Funds		
	Local Workshops	Nonmajor Enterprise Funds	Total
	ASSETS		
Current assets:			
Cash and cash equivalents	\$ 898,923	\$ 22,432	\$ 921,355
Accounts receivable	-	925	925
Due from other funds	161,679	-	161,679
TOTAL ASSETS	1,060,602	23,357	1,083,959
 LIABILITIES			
Current liabilities:			
Accounts payable	466	-	466
Due to other funds	134	-	134
TOTAL LIABILITIES	600	-	600
 NET POSITION			
Unrestricted	1,060,002	23,357	1,083,359
TOTAL NET POSITION	\$ 1,060,002	\$ 23,357	\$ 1,083,359

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, 2014

	Business-Type Activities - Enterprise Funds		
	Local Workshops	Nonmajor Enterprise Funds	Total
OPERATING REVENUES			
Charges for services	\$ 196,465	\$ 27,532	\$ 223,997
Total Operating Revenues	<u>196,465</u>	<u>27,532</u>	<u>223,997</u>
OPERATING EXPENSES			
Salaries and benefits	158,265	23,695	181,960
Purchased services	218,522	16,222	234,744
Supplies and materials	11,335	-	11,335
Payments to other governments	8,726	-	8,726
Other objects	187	-	187
Total Operating Expenses	<u>397,035</u>	<u>39,917</u>	<u>436,952</u>
OPERATING INCOME (LOSS)	<u>(200,570)</u>	<u>(12,385)</u>	<u>(212,955)</u>
NONOPERATING REVENUE			
Transfers in	2,019	-	2,019
Transfers out	-	(1,009)	(1,009)
Interest income	642	68	710
Total Nonoperating Revenue	<u>2,661</u>	<u>(941)</u>	<u>1,720</u>
CHANGE IN NET POSITION	(197,909)	(13,326)	(211,235)
TOTAL NET POSITION - BEGINNING, Restated (See Note 14)	<u>1,257,911</u>	<u>36,683</u>	<u>1,294,594</u>
TOTAL NET POSITION - ENDING	<u>\$ 1,060,002</u>	<u>\$ 23,357</u>	<u>\$ 1,083,359</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, 2014

	Business-Type Activities - Enterprise Funds		
	Local Workshops	Nonmajor Enterprise Funds	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 233,615	\$ 26,607	\$ 260,222
Payments to suppliers and providers of goods and services	(245,854)	(16,222)	(262,076)
Payments to employees	(158,265)	(23,695)	(181,960)
Net Cash Provided by (Used for) Operating Activities	<u>(170,504)</u>	<u>(13,310)</u>	<u>(183,814)</u>
Cash Flows from Noncapital Financing Activities:			
Cash transfers from (to) other funds	2,019	(1,009)	1,010
Payments for interfund borrowing, net	620,216	-	620,216
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>622,235</u>	<u>(1,009)</u>	<u>621,226</u>
Cash Flows from Investing Activities:			
Interest income	642	68	710
Net Cash Provided by Investing Activities	<u>642</u>	<u>68</u>	<u>710</u>
Net Increase (Decrease) in Cash and Cash Equivalents	452,373	(14,251)	438,122
Cash and cash equivalents - Beginning, Restated (See Note 14)	<u>446,550</u>	<u>36,683</u>	<u>483,233</u>
Cash and cash equivalents - Ending	<u>\$ 898,923</u>	<u>\$ 22,432</u>	<u>\$ 921,355</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (200,570)	\$ (12,385)	\$ (212,955)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
(Increase) decrease in assets:			
(Increase) decrease in accounts receivable	37,150	(925)	36,225
Increase (decrease) in liabilities:			
Increase (decrease) in accounts payable	(7,084)	-	(7,084)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (170,504)</u>	<u>\$ (13,310)</u>	<u>\$ (183,814)</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 FUNDS
JUNE 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 473,699
Due from other governments	<u>1,145,288</u>
Total Assets	<u><u>\$ 1,618,987</u></u>
LIABILITIES	
Accounts payable	\$ 49,098
Due to other governments	<u>1,569,889</u>
Total Liabilities	<u><u>\$ 1,618,987</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
JUNE 30, 2014

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 2014, the Regional Office of Education #4 implemented *Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities*; *GASB Statement No. 66, Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62*; *GASB Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and *GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The Regional Office of Education #4 implemented these standards during the current year; however, GASB Statement No. 70 had no impact on the financial statements. The implementation of GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB Statement No. 66 resolved conflicting guidance that resulted from the issuance of GASB Statement Nos. 54 and 62 regarding risk financing activities, operating leases, purchased loans, and servicing fees. The implementation of GASB Statement No. 67 improved financial reporting by state and local governmental pension plans.

The *Government Accounting Standards Board* has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending, June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through January 7, 2015, 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.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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, 2014, 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.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

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.

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, 1999, 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 three business-type activities that rely on fees and charges for support.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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
JUNE 30, 2014

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
JUNE 30, 2014

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
JUNE 30, 2014

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 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.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

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.

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

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

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
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

Raising Student Achievement Conference – This 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.

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.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Nonmajor Special Revenue Funds

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.

Testing Center – This fund is used to account for activity provided from the new testing center operated by the Regional Office of Education #4.

Richard Fairgrievies Scholarship Fund – This fund is used to track the activity of the scholarship fund that was established by family and friends of Dr. Fairgrievies.

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.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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.

Boone County School Facility Occupation Tax – This fund accounts for the School Facility Occupation Tax receipts and distributions to the Boone County school districts. This tax is collected by the State on behalf of Boone County and remitted to the Regional Office for distribution to the Boone County school districts.

H. GOVERNMENTAL FUND BALANCES

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 made up of prepaid expenditures.

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 and Richard Fairgrievies Scholarship Fund. The following fund balances are restricted by Illinois Statute: General Education Development, Bus Driver Training, Supervisory, Testing Center, 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.

I. NET POSITION

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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. 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.

L. 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
Leasehold Improvements	15 years

M. COMPENSATED ABSENCES

Noncertified employees who work 12 calendar months can earn up to 25 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 do not earn vacation days. A noncertified employee may request that a maximum of 25 days of unused vacation be carried over to the next fiscal year. The Regional Office did not grant any such requests at June 30, 2014; therefore no vacation accruals have been made.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

M. COMPENSATED ABSENCES (Concluded)

Employees receive up to 10 sick days annually and the unused portion is accumulated up to 180 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 (however, the balance is applied to service time for retirement plan purposes).

N. 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 II – Teacher Quality, Title II – Teacher Quality – Leadership (13-4935), Teacher Quality – Leadership (14-4935), 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.

A. DEPOSITS

At June 30, 2014, the carrying amounts of the Regional Office of Education #4's government-wide fund and agency fund deposits were \$3,036,936 and \$473,699, respectively, and the bank balances were \$3,286,893 and \$507,551, respectively. Of the total bank balances as of June 30, 2014, \$250,000 was secured by federal depository insurance, \$3,380,758 was fully collateralized, and \$163,686 was invested in the Illinois Funds Money Market Fund.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – CASH (Continued)

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.

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, 2014, the Regional Office of Education #4 had investments with carrying and fair values of \$163,686 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2014, 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.

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 2 – CASH (Concluded)

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 – LONG-TERM LIABILITIES

The Regional Office of Education #4 entered into a shared-cost agreement with the Rockford Board of Education School District #205 in connection with a building that the Rockford School District leases to the Regional Office. Under this agreement, the Rockford School District and the Regional Office will share the cost of a building improvement, and the Regional Office will pay its share of the cost of the improvement over a five-year period. The Regional Office’s share of the cost of the leasehold improvement is \$55,000. The Regional Office has recognized this leasehold improvement as a capital asset in the government-wide statements and has recognized the unpaid portion of the cost (\$50,412) as a long-term liability on the government-wide statements. Changes in the Regional Office’s long-term liability for the year ended June 30, 2014, are as follows:

	Balance 7/1/2013	Increase	Decrease	Balance 6/30/2014
<u>Governmental activities</u>				
Shared-cost agreement	\$ -	\$55,000	\$4,588	\$50,412
Less current portion				<u>(11,000)</u>
Noncurrent portion				<u>\$39,412</u>

Maturities of long-term liabilities at June 30, 2014, were as follows:

2015	\$ 11,000
2016	11,000
2017	11,000
2018	11,000
2019	<u>6,412</u>
	<u>\$ 50,412</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 4 – 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.

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 2013 was 15.47 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 2013 was \$83,030.

THREE-YEAR TREND INFORMATION

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 83,030	100%	\$ 0
12/31/12	105,910	100%	0
12/31/11	98,821	100%	0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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, 2011, is being amortized as a level percentage of projected payroll on an open 10-year basis.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DEFINED BENEFIT PENSION PLAN (Concluded)

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regional Office’s Regular plan was 88.08 percent funded. The actuarial accrued liability for benefits was \$1,373,690 and the actuarial value of assets was \$1,209,990, resulting in an underfunded actuarial accrued liability (UAAL) of \$163,700. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$536,718, and the ratio of the UAAL to the covered payroll was 31 percent.

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

NOTE 5 – 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 licensure is required. The active member contribution rate for the year ended June 30, 2014, 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, 2013 and 2012.

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, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #4 recognized revenue and expenditures of \$678,154 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013 and 2012, contribution rates were 28.05 percent (\$514,873) and 24.91 percent (\$429,724), respectively.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

- **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, 2014, were \$10,556. Contributions for the years ending June 30, 2013 and 2012, were \$11,113 and \$10,463, 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 has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer pension contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$112,910 were paid from federal and special trust funds that required employer contributions of \$39,981. For the years ended June 30, 2013 and 2012, required Regional Office of Education #4 contributions were \$79,947 and \$69,139, 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 146.50 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2014, the Regional Office of Education #4 paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2013 and 2012, the Regional Office of Education #4 paid \$143,325 and \$-0- 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.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

For the year ended June 30, 2014, the Regional Office of Education #4 paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2013 and 2012, the Regional Office of Education #4 paid \$12,866 and \$-0-, respectively.

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 (17.29 percent of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, 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, 2013 and 2012, 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, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014.

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 6 – 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 not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – 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 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$17,655, 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, 2013 and 2012, were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #4 employees were \$17,628 and \$15,874, respectively.

Employer contributions to THIS Fund. The Regional Office of Education #4 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.72 percent during the year ended June 30, 2014, and 0.69 and 0.66 percent during the years ended June 30, 2013 and 2012, respectively. For the year ended June 30, 2014, the Regional Office of Education #4 paid \$13,104 to the THIS Fund. For the years ended June 30, 2013 and 2012, the Regional Office paid \$13,221 and \$11,906 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – 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
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

Three-Year Trend Information

Fiscal Year Ending	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%

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Concluded)

GASB 45 Summary as of June 30, 2013

<u>Division</u>	<u>Service Cost</u>	<u>Active Liability</u>	<u>Retired Liability</u>	<u>Total Liability</u>	<u>Annual Required Contribution</u>	<u>Expected Payments</u>	<u>Actives</u>	<u>Retirees</u>	<u>Total</u>
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 8 – OPERATING LEASES

The Regional Office of Education #4 leases classroom and office space from various parties. During fiscal year 2014, 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 leased classrooms and office space from the Rockford Board of Education School District #205 located at 5949 Safford Road, Rockford, Illinois. The lease term is from June 1, 2013, to June 30, 2018; rent is \$6,041.66 per month.

The Regional Office of Education #4 also leased classrooms and office space located at Logan Elementary School, 620 Logan Avenue, Belvidere, Illinois. The lease term was from August 1, 2012, to July 31, 2013; rent was \$1,200 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, 2013, to June 30, 2014; 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, 2014, was \$124,291. Future minimum rentals are as follows for the years ending June 30:

2015	\$ 118,100
2016	118,100
2017	76,300
2018	72,500
2019 and thereafter	-
	<u>\$ 385,000</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – 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 10 – 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 when paid. Purchases of capital assets by business-type activities are capitalized when purchased. As discussed in Note 3, the Regional Office acquired a leasehold improvement asset with a cost of \$55,000 in the current year, of which \$50,412 is being financed by a shared-cost agreement that is recognized as a long-term liability in the government-wide statements and \$4,588 was recognized as capital outlay in the governmental funds. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2014:

	Balance 7/1/2013	Additions	Disposals	Balance 6/30/2014
Governmental Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 297,875	\$ 143,864	\$ -	\$ 441,739
Leasehold Improvements	-	55,000	-	55,000
Less: Accumulated Depreciation	(184,181)	(31,533)	-	(215,714)
Governmental Activities Capital Assets, Net	\$ 113,694	\$ 167,331	\$ -	\$ 281,025
Business-Type Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 5,298	\$ -	\$ -	\$ 5,298
Less Accumulated Depreciation for:				
Computers and Equipment	(5,298)	-	-	(5,298)
Business-Type Activities Capital Assets, Net	\$ -	\$ -	\$ -	\$ -

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, 2014, of \$31,533 was charged to the governmental activities instructional services function 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
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2014, 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.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 64,338	\$ -
Education Fund	-	225,964
Nonmajor Special Revenue Fund	8,081	8,000
Proprietary Fund	161,679	134
Totals	<u>\$ 234,098</u>	<u>\$ 234,098</u>

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2014, 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>
Nonmajor Special Revenue Fund	\$ -	\$ 1,010
Proprietary Fund	2,019	1,009
	<u>\$ 2,019</u>	<u>\$ 2,019</u>

NOTE 12 – ON-BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 109,464
Assistant Regional Superintendent Salary	98,544
Regional Superintendent Benefits (Includes State-paid insurance)	28,157
Assistant Regional Superintendent Benefits (Includes State paid insurance)	27,510
TRS Pension Contribution	678,154
Teachers' Health Insurance Security Contribution	<u>17,655</u>
Total	<u>\$ 959,484</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 12 – ON-BEHALF PAYMENTS (Concluded)

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, 2014, were as follows:

Boone County	
Administrative support	\$ 92,250
IMRF/FICA	8,513
Workers' Compensation	1,145
Total Boone County	101,908
Winnebago County	
Salaries & benefits	297,600
Purchased services & supplies	165,558
Total Winnebago County	463,158
Total Local On-Behalf Payments	\$ 565,066

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

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:

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due from Other Governments:	
General Fund	
Local Governments	\$ 3,130
Illinois State Board of Education	94,110
Nonmajor Special Revenue Funds	
Local Governments	14,160
Education Fund	
Illinois State Board of Education	39,741
United States Department of Education	200,812
Agency Fund	
Local Governments	751,956
Illinois State Board of Education	393,332
Total	<u>\$ 1,497,241</u>
Due to Other Governments:	
Agency Fund	
Local Governments	\$ 1,569,889
Total	<u>\$ 1,569,889</u>

NOTE 14 – RECLASSIFICATIONS AND RESTATEMENT

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

- The Pathways to Success program, previously reported under the Regional Attendance Cooperative in the General Fund, has been reclassified to the CEANCI agency fund. It was determined that the activities of this program are conducted by CEANCI, for whom the Regional Office of Education #4 merely acts as administrative agent. This reclassification had no effect on the beginning fund balances.
- Raising Student Achievement Conference (RSAC) has been reclassified from a proprietary fund to the Education Fund because it was determined that the funding, which is received from the Illinois Association of Regional Superintendents of Schools (IARSS), an unrelated organization, is restricted by that organization for a specific educational purpose, and any surplus funding or fund balance is owed back to IARSS. Therefore, this program was determined to be a special revenue fund. This reclassification reduced the proprietary funds' beginning net position, but because the beginning fund balance was also reclassified as due to other governments, it had no effect on the Education Fund's fund balance.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 – RECLASSIFICATIONS AND RESTATEMENT (Concluded)

- The Richard Fairgrievies Scholarship fund originated in FY13. No scholarships were paid out in FY13; the only activity in the prior year was the receipt of cash donations to fund future scholarships. A prior-period adjustment has been made to properly reflect the beginning cash balance of this fund.

The following is the effect of the reclassifications and the restatement on the beginning net position for the Governmental Activities, the Business-Type Activities, and the Proprietary Funds; the beginning fund balance of the Nonmajor Special Revenue Funds; and the beginning cash and cash equivalents for the Proprietary Funds.

<u>Governmental Activities Net Position:</u>	
Net Position - July 1, 2013	\$ 2,358,909
Effect of prior-period adjustment to record beginning balance in Richard Fairgrievies Scholarship Fund	13,145
Net Position, Restated - July 1, 2013	<u>\$ 2,372,054</u>
<u>Business-Type Activities Net Position:</u>	
Net Position - July 1, 2013	\$ 1,575,430
Effect of reclassifying the RSAC program	(280,836)
Net Position, Restated - July 1, 2013	<u>\$ 1,294,594</u>
<u>Proprietary Funds:</u>	
Cash and Cash Equivalents - July 1, 2013	\$ 764,129
Effect of reclassifying the RSAC program	(280,896)
Cash and Cash Equivalents, Restated - July 1, 2013	<u>\$ 483,233</u>
Net Position - July 1, 2013	\$ 1,575,430
Effect of reclassifying the RSAC program	(280,836)
Net Position, Restated - July 1, 2013	<u>\$ 1,294,594</u>
<u>Nonmajor Special Revenue Funds:</u>	
Fund Balance - July 1, 2013	\$ 157,892
Effect of prior-period adjustment to record beginning balance in Richard Fairgrievies Scholarship Fund	13,145
Fund Balance, Restated - July 1, 2013	<u>\$ 171,037</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, 2014

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)
12/31/13	\$ 1,209,990	\$ 1,373,690	\$ 163,700	88.08%	\$ 536,718	30.50%
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%

On a market value basis, the actuarial value of assets as of December 31, 2013, is \$1,532,288.

On a market basis, the funded ratio would be 111.55%.

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, 2014

	Audiovisual Co-op	Educational Service Center No. 1	General Operations	Payroll
ASSETS				
Cash and cash equivalents	\$ 8,108	\$ 139,310	\$ 228,749	\$ -
Due from other funds	-	-	-	93
Due from other governments				
Local	-	-	3,130	-
State	-	-	-	-
Prepaid expenditures	-	-	-	-
TOTAL ASSETS	\$ 8,108	\$ 139,310	\$ 231,879	\$ 93
LIABILITIES				
Accounts payable	\$ 253	\$ -	\$ 2,158	\$ 93
Accrued salaries and benefits	-	-	-	-
Total Liabilities	253	-	2,158	93
FUND BALANCE				
Nonspendable	-	-	-	-
Assigned	7,855	139,310	-	-
Unassigned	-	-	229,721	-
Total Fund Balance	7,855	139,310	229,721	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,108	\$ 139,310	\$ 231,879	\$ 93

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2014

	Regional Alternative School - GSA	Regional Learning Center - GSA	Standards Aligned Classroom	TOTALS
ASSETS				
Cash and cash equivalents	\$ 729,313	\$ 476,207	\$ 28,969	\$ 1,610,656
Due from other funds	-	64,245	-	64,338
Due from other governments				
Local	-	-	-	3,130
State	-	94,110	-	94,110
Prepaid expenditures	-	13,294	-	13,294
TOTAL ASSETS	\$ 729,313	\$ 647,856	\$ 28,969	\$ 1,785,528
LIABILITIES				
Accounts payable	\$ 105	\$ 855	\$ -	\$ 3,464
Accrued salaries and benefits	-	115,859	-	115,859
Total Liabilities	105	116,714	-	119,323
FUND BALANCE				
Nonspendable	-	13,294	-	13,294
Assigned	729,208	517,848	28,969	1,423,190
Unassigned	-	-	-	229,721
Total Fund Balance	729,208	531,142	28,969	1,666,205
TOTAL LIABILITIES AND FUND BALANCE	\$ 729,313	\$ 647,856	\$ 28,969	\$ 1,785,528

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, 2014

	Audiovisual Co-op	Educational Service Center No. 1	General Operations	Payroll
REVENUES				
Local sources	\$ 3,991	\$ -	\$ 24,038	\$ -
On-behalf payments - Local	-	-	565,066	-
State sources	-	-	-	-
On-behalf payments - State	-	-	959,484	-
Federal sources	-	-	-	-
Total Revenues	<u>3,991</u>	<u>-</u>	<u>1,548,588</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	6,287	-	7,879	-
Purchased services	38	-	43,100	-
Supplies and materials	-	-	7,156	-
Other objects	-	-	-	-
Capital outlay	-	-	13,652	-
On-behalf expenditures - Local	-	-	565,066	-
On-behalf expenditures - State	-	-	959,484	-
Total Expenditures	<u>6,325</u>	<u>-</u>	<u>1,596,337</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,334)</u>	<u>-</u>	<u>(47,749)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Interest income	-	423	418	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>423</u>	<u>418</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,334)	423	(47,331)	-
FUND BALANCE - BEGINNING	<u>10,189</u>	<u>138,887</u>	<u>277,052</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 7,855</u></u>	<u><u>\$ 139,310</u></u>	<u><u>\$ 229,721</u></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, 2014

	Regional Alternative School - GSA	Regional Learning Center - GSA	Standards Aligned Classroom	TOTALS
REVENUES				
Local sources	\$ 27,705	\$ 605,684	\$ -	\$ 661,418
On-behalf payments - Local	-	-	-	565,066
State sources	409,098	618,370	-	1,027,468
On-behalf payments - State	-	-	-	959,484
Federal sources	-	62,772	-	62,772
Total Revenues	<u>436,803</u>	<u>1,286,826</u>	<u>-</u>	<u>3,276,208</u>
EXPENDITURES				
Salaries and benefits	431,941	1,217,240	-	1,663,347
Purchased services	48,305	216,891	-	308,334
Supplies and materials	5,293	100,747	-	113,196
Other objects	138	975	-	1,113
Capital outlay	9,200	64,020	-	86,872
On-behalf expenditures - Local	-	-	-	565,066
On-behalf expenditures - State	-	-	-	959,484
Total Expenditures	<u>494,877</u>	<u>1,599,873</u>	<u>-</u>	<u>3,697,412</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(58,074)</u>	<u>(313,047)</u>	<u>-</u>	<u>(421,204)</u>
OTHER FINANCING SOURCES (USES)				
Interest income	<u>2,532</u>	<u>3,067</u>	<u>-</u>	<u>6,440</u>
Total Other Financing Sources (Uses)	<u>2,532</u>	<u>3,067</u>	<u>-</u>	<u>6,440</u>
NET CHANGE IN FUND BALANCE	<u>(55,542)</u>	<u>(309,980)</u>	<u>-</u>	<u>(414,764)</u>
FUND BALANCE - BEGINNING	<u>784,750</u>	<u>841,122</u>	<u>28,969</u>	<u>2,080,969</u>
FUND BALANCE - ENDING	<u>\$ 729,208</u>	<u>\$ 531,142</u>	<u>\$ 28,969</u>	<u>\$ 1,666,205</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2014

	McKinney-Vento Homeless Children and Youth	Principal Mentoring	Regional Safe Schools	ROE/ISC Operations	Raising Student Achievement Conference
ASSETS					
Cash and cash equivalents	\$ -	\$ 6,354	\$ 41,846	\$ 69,835	\$ 250,969
Due from other governments:					
State	-	-	-	-	-
Federal	9,968	-	-	-	-
TOTAL ASSETS	\$ 9,968	\$ 6,354	\$ 41,846	\$ 69,835	\$ 250,969
LIABILITIES					
Accounts payable	\$ 870	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	23,532	-	-
Due to other funds	9,098	-	18,264	-	-
Unearned revenue	-	-	50	69,835	250,969
Total Liabilities	9,968	-	41,846	69,835	250,969
FUND BALANCE (DEFICIT)					
Restricted	-	6,354	-	-	-
Total Fund Balance (Deficit)	-	6,354	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 9,968	\$ 6,354	\$ 41,846	\$ 69,835	\$ 250,969

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2014

	Technology for Success	Title I - School Improvement & Accountability	Title II - Teacher Quality	Title II - Teacher Quality - Leadership	Truants Alternative	TOTALS
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,499	\$ 372,503
Due from other governments:						
State	8,103	-	-	-	31,638	39,741
Federal	-	190,344	-	500	-	200,812
TOTAL ASSETS	\$ 8,103	\$ 190,344	\$ -	\$ 500	\$ 35,137	\$ 613,056
LIABILITIES						
Accounts payable	\$ -	\$ 345	\$ -	\$ -	\$ -	\$ 1,215
Accrued salaries and benefits	-	-	-	-	35,137	58,669
Due to other funds	8,103	189,999	-	500	-	225,964
Unearned revenue	-	-	-	-	-	320,854
Total Liabilities	8,103	190,344	-	500	35,137	606,702
FUND BALANCE (DEFICIT)						
Restricted	-	-	-	-	-	6,354
Total Fund Balance (Deficit)	-	-	-	-	-	6,354
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 8,103	\$ 190,344	\$ -	\$ 500	\$ 35,137	\$ 613,056

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, 2014

	McKinney-Vento Homeless Children and Youth	Principal Mentoring	Regional Safe Schools	ROE/ISC Operations	Raising Student Achievement Conference
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 172,639
State sources	-	-	158,968	132,065	-
Federal sources	61,069	-	-	-	-
Total Revenues	<u>61,069</u>	<u>-</u>	<u>158,968</u>	<u>132,065</u>	<u>172,639</u>
EXPENDITURES					
Salaries and benefits	17,776	-	155,081	105,619	31,527
Purchased services	1,823	-	3,887	26,171	135,859
Supplies and materials	-	-	-	-	5,901
Other objects	-	-	-	275	-
Payments to other governments	41,470	-	-	-	-
Total Expenditures	<u>61,069</u>	<u>-</u>	<u>158,968</u>	<u>132,065</u>	<u>173,287</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(648)</u>
OTHER FINANCING SOURCES (USES):					
Interest income	-	-	-	-	648
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>648</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>6,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - 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, 2014

	Technology for Success	Title I - School Improvement & Accountability	Title II - Teacher Quality	Title II - Teacher Quality - Leadership	Truants Alternative	TOTALS
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,639
State sources	159,941	-	-	-	316,384	767,358
Federal sources	-	444,038	1,278	16,713	-	523,098
Total Revenues	<u>159,941</u>	<u>444,038</u>	<u>1,278</u>	<u>16,713</u>	<u>316,384</u>	<u>1,463,095</u>
EXPENDITURES						
Salaries and benefits	81,067	144,816	-	579	292,277	828,742
Purchased services	78,874	184,949	1,278	15,500	21,694	470,035
Supplies and materials	-	149	-	-	2,413	8,463
Other objects	-	-	-	-	-	275
Payments to other governments	-	102,495	-	-	-	143,965
Total Expenditures	<u>159,941</u>	<u>432,409</u>	<u>1,278</u>	<u>16,079</u>	<u>316,384</u>	<u>1,451,480</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>11,629</u>	<u>-</u>	<u>634</u>	<u>-</u>	<u>11,615</u>
OTHER FINANCING SOURCES (USES):						
Interest income	-	-	-	-	-	648
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>648</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>11,629</u>	<u>-</u>	<u>634</u>	<u>-</u>	<u>12,263</u>
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>(11,629)</u>	<u>-</u>	<u>(634)</u>	<u>-</u>	<u>(5,909)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,354</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal	\$ 61,044	\$ 61,044	\$ 61,069
Total Revenue	<u>61,044</u>	<u>61,044</u>	<u>61,069</u>
EXPENDITURES			
Salaries and benefits	17,235	17,194	17,776
Purchased services	2,339	2,380	1,823
Payments to other governments	41,470	41,470	41,470
Total Expenditures	<u>61,044</u>	<u>61,044</u>	<u>61,069</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 ACCOUNT
 REGIONAL SAFE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUE			
State	\$ 158,968	\$ 158,968	\$ 158,968
Total Revenue	<u>158,968</u>	<u>158,968</u>	<u>158,968</u>
EXPENDITURES			
Salaries and benefits	155,081	155,081	155,081
Purchased services	3,887	3,887	3,887
Total Expenditures	<u>158,968</u>	<u>158,968</u>	<u>158,968</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 ACCOUNTS
 ROE/ISC OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State	\$ 52,473	\$ 52,473	\$ 132,065
Total Revenue	<u>52,473</u>	<u>52,473</u>	<u>132,065</u>
EXPENDITURES			
Salaries and benefits	42,002	42,002	105,619
Purchased services	10,391	10,391	26,171
Other objects	80	80	275
Total Expenditures	<u>52,473</u>	<u>52,473</u>	<u>132,065</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>

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, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 159,640	\$ 159,640	\$ 159,941
Total Revenue	<u>159,640</u>	<u>159,640</u>	<u>159,941</u>
EXPENDITURES			
Salaries and benefits	81,382	81,273	81,067
Purchased services	78,258	78,367	78,874
Total Expenditures	<u>159,640</u>	<u>159,640</u>	<u>159,941</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 ACCOUNT
 TITLE II - TEACHER QUALITY
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal	\$ 1,278	\$ 1,288	\$ 1,278
Total Revenue	<u>1,278</u>	<u>1,288</u>	<u>1,278</u>
EXPENDITURES			
Purchased services	<u>1,278</u>	<u>1,288</u>	<u>1,278</u>
Total Expenditures	<u>1,278</u>	<u>1,288</u>	<u>1,278</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 (13-4935)
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 17,142	\$ 17,142	\$ 5,442
Total Revenue	<u>17,142</u>	<u>17,142</u>	<u>5,442</u>
EXPENDITURES			
Salaries and benefits	642	642	8
Purchased services	16,500	16,500	4,800
Total Expenditures	<u>17,142</u>	<u>17,142</u>	<u>4,808</u>
NET CHANGE IN FUND BALANCE	-	-	634
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(634)</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 (14-4935)
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 11,428	\$ 11,428	\$ 11,271
Total Revenue	<u>11,428</u>	<u>11,428</u>	<u>11,271</u>
EXPENDITURES			
Salaries and benefits	571	571	571
Purchased services	10,857	10,857	10,700
Total Expenditures	<u>11,428</u>	<u>11,428</u>	<u>11,271</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
TRUANTS ALTERNATIVE
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State	\$ 316,384	\$ 316,384	\$ 316,384
Total Revenue	<u>316,384</u>	<u>316,384</u>	<u>316,384</u>
EXPENDITURES			
Salaries and benefits	290,465	292,278	292,277
Purchased services	23,469	21,699	21,694
Supplies and materials	2,450	2,407	2,413
Total Expenditures	<u>316,384</u>	<u>316,384</u>	<u>316,384</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
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014

	General Education Development	Bus Driver Training	Supervisory	Testing Center	Richard Fairgrievies Scholarship Fund	Institute	TOTALS
ASSETS							
Cash and cash equivalents	\$ 4,394	\$ 13,618	\$ 974	\$ 8,612	\$ 11,145	\$ 93,679	\$ 132,422
Accounts receivable	-	-	-	6,844	-	-	6,844
Due from other funds	-	-	-	-	-	8,081	8,081
Due from other governments - Local	12,384	1,776	-	-	-	-	14,160
TOTAL ASSETS	\$ 16,778	\$ 15,394	\$ 974	\$ 15,456	\$ 11,145	\$ 101,760	\$ 161,507
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 459	\$ 459
Due to other funds	8,000	-	-	-	-	-	8,000
Total Liabilities	8,000	-	-	-	-	459	8,459
FUND BALANCE							
Restricted	8,778	15,394	974	15,456	11,145	101,301	153,048
Total Fund Balance	8,778	15,394	974	15,456	11,145	101,301	153,048
TOTAL LIABILITIES AND FUND BALANCE	\$ 16,778	\$ 15,394	\$ 974	\$ 15,456	\$ 11,145	\$ 101,760	\$ 161,507

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, 2014

	General Education Development	Bus Driver Training	Supervisory	Testing Center	Richard Fairgrievies Scholarship Fund	Institute	TOTALS
REVENUES							
Local sources	\$ 52,844	\$ 8,988	\$ -	\$ 20,311	\$ -	\$ 73,120	\$ 155,263
State sources	-	2,036	-	-	-	-	2,036
Total Revenues	52,844	11,024	-	20,311	-	73,120	157,299
EXPENDITURES							
Salaries and benefits	35,053	-	-	4,353	-	13,614	53,020
Purchased services	19,177	7,864	85	50	-	15,890	43,066
Supplies and materials	10,559	3,153	-	452	-	488	14,652
Capital outlay	61,580	-	-	-	-	-	61,580
Other objects	220	-	-	-	2,000	130	2,350
Total Expenditures	126,589	11,017	85	4,855	2,000	30,122	174,668
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(73,745)	7	(85)	15,456	(2,000)	42,998	(17,369)
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	-	-	(1,010)	(1,010)
Interest income	-	82	8	-	-	300	390
Total Other Financing Sources (Uses)	-	82	8	-	-	(710)	(620)
NET CHANGE IN FUND BALANCE	(73,745)	89	(77)	15,456	(2,000)	42,288	(17,989)
FUND BALANCE - BEGINNING, Restated (See Note 14)	82,523	15,305	1,051	-	13,145	59,013	171,037
FUND BALANCE - ENDING	\$ 8,778	\$ 15,394	\$ 974	\$ 15,456	\$ 11,145	\$ 101,301	\$ 153,048

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2014

	Business-Type Activities - Enterprise Funds		
	Global Education	Fingerprinting	TOTALS
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 22,432	\$ 22,432
Accounts receivable	-	925	925
TOTAL ASSETS	-	23,357	23,357
NET POSITION			
Unrestricted	-	23,357	23,357
TOTAL NET POSITION	\$ -	\$ 23,357	\$ 23,357

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, 2014

	Business-Type Activities - Enterprise Funds		TOTALS
	Global Education	Fingerprinting	
OPERATING REVENUES			
Charges for services	\$ -	\$ 27,532	\$ 27,532
Total Operating Revenues	-	27,532	27,532
OPERATING EXPENSES			
Salaries and benefits	-	23,695	23,695
Purchased services	7,202	9,020	16,222
Total Operating Expenses	7,202	32,715	39,917
OPERATING INCOME (LOSS)	(7,202)	(5,183)	(12,385)
NONOPERATING REVENUE			
Transfers out	-	(1,009)	(1,009)
Interest income	13	55	68
Total Nonoperating Revenue	13	(954)	(941)
CHANGE IN NET POSITION	(7,189)	(6,137)	(13,326)
TOTAL NET POSITION - BEGINNING	7,189	29,494	36,683
TOTAL NET POSITION - ENDING	\$ -	\$ 23,357	\$ 23,357

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds		
	Global Education	Fingerprinting	TOTALS
Cash Flows from Operating Activities:			
Receipts from customers	\$ -	\$ 26,607	\$ 26,607
Payments to suppliers and providers of goods and services	(7,202)	(9,020)	(16,222)
Payments to employees	-	(23,695)	(23,695)
Net Cash Used for Operating Activities	<u>(7,202)</u>	<u>(6,108)</u>	<u>(13,310)</u>
Cash Flows from Noncapital Financing Activities:			
Cash transfers from (to) other funds	-	(1,009)	(1,009)
Net Cash Used by Noncapital Financing Activities	<u>-</u>	<u>(1,009)</u>	<u>(1,009)</u>
Cash Flows from Investing Activities:			
Interest income	13	55	68
Net Cash Provided by Investing Activities	<u>13</u>	<u>55</u>	<u>68</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,189)	(7,062)	(14,251)
Cash and cash equivalents - Beginning	<u>7,189</u>	<u>29,494</u>	<u>36,683</u>
Cash and cash equivalents - Ending	<u>\$ -</u>	<u>\$ 22,432</u>	<u>\$ 22,432</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (7,202)	\$ (5,183)	\$ (12,385)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
(Increase) in assets:			
(Increase) in accounts receivable	-	(925)	(925)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (7,202)</u>	<u>\$ (6,108)</u>	<u>\$ (13,310)</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2014

	<u>Career Education Associates of North Central Illinois</u>	<u>Boone County School Facility Occupation Tax</u>	<u>TOTALS</u>
ASSETS			
Cash and cash equivalents	\$ 473,699	\$ -	\$ 473,699
Due from other governments	<u>393,332</u>	<u>751,956</u>	<u>1,145,288</u>
TOTAL ASSETS	<u><u>\$ 867,031</u></u>	<u><u>\$ 751,956</u></u>	<u><u>\$ 1,618,987</u></u>
LIABILITIES			
Accounts payable	\$ 49,098	\$ -	\$ 49,098
Due to other governments	<u>817,933</u>	<u>751,956</u>	<u>1,569,889</u>
TOTAL LIABILITIES	<u><u>\$ 867,031</u></u>	<u><u>\$ 751,956</u></u>	<u><u>\$ 1,618,987</u></u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>CAREER EDUCATION ASSOCIATES</u>				
<u>OF NORTH CENTRAL ILLINOIS</u>				
ASSETS				
Cash and cash equivalents	\$ 627,377	\$ 1,404,869	\$ 1,558,547	\$ 473,699
Due from other governments	274,168	393,332	274,168	393,332
Total Assets	\$ 901,545	\$ 1,798,201	\$ 1,832,715	\$ 867,031
LIABILITIES				
Accounts payable	\$ 44,353	\$ 49,098	\$ 44,353	\$ 49,098
Due to other governments	857,192	1,749,103	1,788,362	817,933
Total Liabilities	\$ 901,545	\$ 1,798,201	\$ 1,832,715	\$ 867,031
 <u>BOONE COUNTY SCHOOL FACILITY</u>				
<u>OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 576,747	\$ 576,747	\$ -
Due from other governments	-	751,956	-	751,956
Total Assets	\$ -	\$ 1,328,703	\$ 576,747	\$ 751,956
LIABILITIES				
Due to other governments	\$ -	\$ 1,328,703	\$ 576,747	\$ 751,956
Total Liabilities	\$ -	\$ 1,328,703	\$ 576,747	\$ 751,956
 <u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 627,377	\$ 1,981,616	\$ 2,135,294	\$ 473,699
Due from other governments	274,168	1,145,288	274,168	1,145,288
Total Assets	\$ 901,545	\$ 3,126,904	\$ 2,409,462	\$ 1,618,987
LIABILITIES				
Accounts payable	\$ 44,353	\$ 49,098	\$ 44,353	\$ 49,098
Due to other governments	857,192	3,077,806	2,365,109	1,569,889
Total Liabilities	\$ 901,545	\$ 3,126,904	\$ 2,409,462	\$ 1,618,987

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
 TREASURERS AND OTHER ENTITIES
 BOONE COUNTY SCHOOL FACILITY OCCUPATION TAX
 FOR THE YEAR ENDED JUNE 30, 2014

District	Boone County School Facility Occupation Tax
Belvidere CUSD #100	\$ 478,147
Harvard CUSD #50	634
Hiawatha CUSD #426	634
Hononegah CHD #207	58
North Boone CUSD #200	97,071
Rockford SD #205	173
Regional Office of Education #4	30
	\$ 576,747

FEDERAL COMPLIANCE SECTION

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass-Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/13-6/30/14</u>
US Department of Education passed through			
Illinois State Board of Education			
Title I - Grants to Local Educational Agencies			
Title I - School Improvement and Accountability	84.010A	14-4331-SS	\$ 432,409
Total Title I - Grants to Local Educational Agencies			<u>432,409 (M)</u>
Improving Teacher Quality State Grants			
Title II - Teacher Quality	84.367A	14-4932-00	1,278
Title II - Teacher Quality - Leadership	84.367A	13-4935-02	4,808
Title II - Teacher Quality - Leadership	84.367A	14-4935-02	11,271
Total Improving Teacher Quality State Grants			<u>17,357</u>
Total US Department of Education passed through Illinois State Board of Education			<u>449,766</u>
US Department of Education passed through			
Other Entities			
Education for Homeless Children and Youth			
Passed through Regional Office of Education #47			
McKinney-Vento Homeless Children and Youth	84.196A	14-4920-00	61,069
Total Education for Homeless Children and Youth			<u>61,069</u>
Total US Department of Education passed through Other Entities			<u>61,069</u>
Total US Department of Education			<u>510,835</u>
US Department of Agriculture passed through			
Illinois State Board of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13-4210-00	5,991
National School Lunch Program	10.555	14-4210-00	35,970
School Breakfast Program	10.553	13-4220-00	3,092
School Breakfast Program	10.553	14-4220-00	17,466
Total Child Nutrition Cluster			<u>62,519</u>
Fresh Fruit and Vegetable Program			
Fresh Fruits and Vegetables	10.582	14-4240-13	24
Fresh Fruits and Vegetables	10.582	14-4240-14	229
Total Fresh Fruit and Vegetable Program			<u>253</u>
Total US Department of Agriculture passed through Illinois State Board of Education			<u>62,772</u>
Total Expenditures of Federal Awards			<u>\$ 573,607</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, 2014

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	\$ 102,495
McKinney-Vento Homeless Children and Youth	84.196A	41,470

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