

**STATE OF ILLINOIS
CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**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 Auditor General, State of Illinois**

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

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REGIONAL OFFICE OF EDUCATION NO. 13**

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REGIONAL OFFICE OF EDUCATION NO. 13**

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**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

OFFICIALS

Regional Superintendent (current and during the audit period).....Ms. Keri Garrett

Assistant Regional Superintendent (current and during the audit period) Mr. Brian P. Guthrie

Offices are located at:

Clinton County Office
930-B Fairfax
Carlyle, IL 62231

Marion County Office
Public Services Building
200 E. Schwartz
Salem, IL 62881

Washington County Office
1180 W. St. Louis Street
Nashville, IL 62263

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

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 internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

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

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	13-14	Controls Over Financial Statement Preparation.	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2014.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no findings for the year ended June 30, 2013.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2013.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

COMPLIANCE REPORT SUMMARY (Continued)

EXIT CONFERENCE

The Clinton, Marion and Washington Counties Regional Office of Education No. 13 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2014. Throughout the audit, numerous meetings were held between auditors and Regional Office officials to discuss matters contained in this audit report. Response to the recommendation was provided by the Regional Office of Education on October 24, 2014.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education No. 13's basic financial statements.

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

RICHARD C. WEST
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
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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 Clinton, Marion, and Washington Counties Regional Office of Education No. 13, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Clinton, Marion, and Washington Counties Regional Office of Education No. 13'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 auditor's judgment, including the assessment of 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 Clinton, Marion, and Washington Counties Regional Office of Education No. 13, 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 Illinois Municipal Retirement Fund – Schedule of Funding Progress on page 48 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Expenditures of Federal Awards, as required by the 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, 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 the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audit 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 5, 2015 on our consideration of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13'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 the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control over financial reporting and compliance.

West & Company, LLC

Mattoon, Illinois
January 5, 2015

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

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**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***

INDEPENDENT AUDITORS' REPORT

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 Clinton, Marion, and Washington Counties Regional Office of Education No. 13, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements, and have issued our report thereon dated January 5, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13'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 finding 2014-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clinton, Marion, and Washington Counties Regional Office of Education No. 13'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 No. 13's Response to Finding

Clinton, Marion, and Washington Counties Regional Office of Education No. 13's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Clinton, Marion, and Washington Counties Regional Office of Education No. 13'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 the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

West & Company, LLC

Mattoon, Illinois
January 5, 2015

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

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Clinton, Marion, and Washington Counties Regional Office of Education No. 13'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 the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's major federal program for the year ended June 30, 2014. The Clinton, Marion, and Washington Counties Regional Office of Education No. 13's major federal program is 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 the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's major federal program 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 the Clinton, Marion, and Washington Counties Regional Office of Education No. 13'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 the major federal program. However, our audit does not provide a legal determination of the Clinton, Marion, and Washington Counties Regional Office of Education No. 13's compliance.

Opinion on Each Major Federal Program

In our opinion, the Clinton, Marion, and Washington Counties Regional Office of Education No. 13 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Clinton, Marion, and Washington Counties Regional Office of Education No. 13 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 Clinton, Marion, and Washington Counties Regional Office of Education No. 13's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 the Clinton, Marion, and Washington Counties Regional Office of Education No. 13'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 a 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.

West & Company, LLC

Mattoon, Illinois
January 5, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION I – SUMMARY OF AUDITORS' RESULTS
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? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? yes X no
- Significant deficiency(ies) identified? yes X 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 Circular A-133, Section .510(a)? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.181	Special Education Grants for Infants and Families with Disabilities

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

Auditee qualified as a low-risk auditee? yes X no

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II: FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2014**

Section II: Financial Statement Findings

FINDING NO. 2014-001 – Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

The Regional Office of Education No. 13 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education No. 13's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

Condition:

The Regional Office of Education No. 13 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 GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education No. 13's financial information prepared by the Regional Office of Education No. 13, the following were noted:

- To pay fiscal year 2014 bills received after year-end in order to submit final expenditure reports as opposed to recording accounts payable, the Regional Office backdated forty-eight (48) checks. This resulted in accounts payable and cash being understated by \$35,205.
- Cash that was received but not yet deposited was included in accounts receivable. This resulted in accounts receivable being overstated and cash being understated by \$30,059.
- The Illinois E-pay cash account was understated by \$6,735 in the financial records due to not recording monthly revenue. This resulted in an understatement of revenue in the Institute fund.

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.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II: FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2014**

Section II: Financial Statement Findings (Continued)

FINDING NO. 2014-001 – Controls Over Financial Statement Preparation (Continued)

Cause:

According to Regional Office of Education No. 13 management, they were uncertain of how to handle undeposited funds. They were unaware that backdating checks was not good business practice. Also, management reconciled all cash accounts, but all balances were not adjusted in the accounting software due to an oversight.

Auditors' Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education No. 13 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should also include verifying that all bank reconciliations agree to the general ledger balances. 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 #13 understands the nature of this finding and realizes that this circumstance is not unusual in an entity of this size. The Regional Office of Education #13 accepts the degree of risk associated with this condition because the added expense of seeking additional 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.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III: FEDERAL AWARD FINDINGS
For the year ended June 30, 2014**

Section III: Federal Award Findings

Instances of Noncompliance:

None

Significant Deficiencies:

None

Material Weaknesses:

None

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**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 No. 13 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 GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education No. 13's financial information prepared by the Regional Office of Education No. 13, the following were noted:

- To pay fiscal year 2014 bills received after year-end in order to submit final expenditure reports as opposed to recording accounts payable, the Regional Office backdated forty-eight (48) checks. This resulted in accounts payable and cash being understated by \$35,205.
- Cash that was received but not yet deposited was included in accounts receivable. This resulted in accounts receivable being overstated and cash being understated by \$30,059.
- The Illinois E-pay cash account was understated by \$6,735 in the financial records due to not recording monthly revenue. This resulted in an understatement of revenue in the Institute fund.

Plan:

The Regional Superintendent accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. The Regional Office of Education will continue to send the Controller to various trainings to assist her in gaining a better understanding of accrual accounting and reporting under generally accepted accounting principles (GAAP). The Regional Office of Education will implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. The Regional Office of Education will verify that all bank reconciliations agree to the General Ledger balances.

Anticipated Date of Completion:

Immediate to on-going.

Name of Contact Person:

Ms. Keri Garrett

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2014**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
---------------------------	------------------	-----------------------

No findings were noted for the year ended June 30, 2013.

BASIC FINANCIAL STATEMENTS

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF NET POSITION
June 30, 2014**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 415,393	\$ 441,111	\$ 856,504
Accounts receivable	1,470	-	1,470
Due from other governments	343,095	4,830	347,925
Total current assets	759,958	445,941	1,205,899
Noncurrent assets:			
Capital assets, net	25,087	1,700	26,787
Total assets	785,045	447,641	1,232,686
LIABILITIES			
Current liabilities:			
Accounts payable	46,033	12,046	58,079
Salaries and benefits payable	156,239	-	156,239
Due to other governments	620	875	1,495
Total current liabilities	202,892	12,921	215,813
NET POSITION			
Net investment in capital assets	25,087	1,700	26,787
Restricted for educational purposes	57,549	-	57,549
Unrestricted	499,517	433,020	932,537
Total net position	\$ 582,153	\$ 434,720	\$ 1,016,873

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

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**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
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 2,767,369	\$ -	\$ 2,496,084	\$ (271,285)	\$ -	\$ (271,285)
Purchased services	619,067	-	529,419	(89,648)	-	(89,648)
Supplies and materials	97,753	-	81,527	(16,226)	-	(16,226)
Capital outlay - grant funded assets	16,548	-	16,039	(509)	-	(509)
Payments to other governments	10,860	-	10,026	(834)	-	(834)
Other objects	47	-	-	(47)	-	(47)
Depreciation	10,152	-	-	(10,152)	-	(10,152)
Administrative:						
On-behalf payments - local	179,916	-	-	(179,916)	-	(179,916)
On-behalf payments - state	597,462	-	-	(597,462)	-	(597,462)
Total governmental activities	<u>4,299,174</u>	<u>-</u>	<u>3,133,095</u>	<u>(1,166,079)</u>	<u>-</u>	<u>(1,166,079)</u>
Business-type activities						
Instructional services	<u>116,481</u>	<u>141,231</u>	<u>-</u>	<u>-</u>	<u>24,750</u>	<u>24,750</u>
Total primary government	<u>\$ 4,415,655</u>	<u>\$ 141,231</u>	<u>\$ 3,133,095</u>	<u>(1,166,079)</u>	<u>24,750</u>	<u>(1,141,329)</u>
General revenues:						
Local sources				148,298	-	148,298
On-behalf payments - local				179,916	-	179,916
On-behalf payments - state				597,462	-	597,462
Interest				3,308	2,004	5,312
Total general revenues				<u>928,984</u>	<u>2,004</u>	<u>930,988</u>
Change in net position				(237,095)	26,754	(210,341)
Net position - beginning				<u>819,248</u>	<u>407,966</u>	<u>1,227,214</u>
Net position - ending				<u>\$ 582,153</u>	<u>\$ 434,720</u>	<u>\$ 1,016,873</u>

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

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 263,491	\$ 59,502	\$ 92,400	\$ 415,393
Accounts receivable	-	1,470	-	1,470
Due from other funds	259,481	-	-	259,481
Due from other governments	2,878	340,217	-	343,095
	<u>2,878</u>	<u>340,217</u>	<u>-</u>	<u>343,095</u>
 Total assets	<u>\$ 525,850</u>	<u>\$ 401,189</u>	<u>\$ 92,400</u>	<u>\$ 1,019,439</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,029	\$ 44,977	\$ 27	\$ 46,033
Salaries and benefits payable	24,906	131,333	-	156,239
Due to other funds	-	259,202	279	259,481
Due to other governments	398	222	-	620
	<u>398</u>	<u>222</u>	<u>-</u>	<u>620</u>
 Total liabilities	<u>26,333</u>	<u>435,734</u>	<u>306</u>	<u>462,373</u>
 FUND BALANCES (DEFICITS)				
Restricted	-	38,625	92,400	131,025
Assigned	453,655	-	-	453,655
Unassigned	45,862	(73,170)	(306)	(27,614)
	<u>45,862</u>	<u>(73,170)</u>	<u>(306)</u>	<u>(27,614)</u>
 Total fund balances (deficits)	<u>499,517</u>	<u>(34,545)</u>	<u>92,094</u>	<u>557,066</u>
 Total liabilities and fund balances	<u>\$ 525,850</u>	<u>\$ 401,189</u>	<u>\$ 92,400</u>	<u>\$ 1,019,439</u>

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

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS

June 30, 2014

Total fund balances-governmental funds	\$ 557,066
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.	<u>25,087</u>
Net position of governmental activities	<u><u>\$ 582,153</u></u>

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

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2014**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 110,869	\$ 2,726	\$ 34,703	\$ 148,298
State sources	243,819	2,311,444	1,009	2,556,272
Federal sources	-	576,823	-	576,823
On-behalf payments - local	179,916	-	-	179,916
On-behalf payments - state	597,462	-	-	597,462
Interest	2,421	560	327	3,308
	<u>1,134,487</u>	<u>2,891,553</u>	<u>36,039</u>	<u>4,062,079</u>
Total revenues				
Expenditures:				
Instructional services:				
Salaries and benefits	412,152	2,341,678	13,539	2,767,369
Purchased services	115,852	490,648	12,567	619,067
Supplies and materials	16,518	75,060	6,175	97,753
Payments to other governments	-	10,860	-	10,860
Other objects	47	-	-	47
On-behalf payments - local	179,916	-	-	179,916
On-behalf payments - state	597,462	-	-	597,462
Capital outlay	-	37,023	-	37,023
	<u>1,321,947</u>	<u>2,955,269</u>	<u>32,281</u>	<u>4,309,497</u>
Total expenditures				
Net change in fund balances	(187,460)	(63,716)	3,758	(247,418)
Fund balances, beginning of year	<u>686,977</u>	<u>29,171</u>	<u>88,336</u>	<u>804,484</u>
Fund balances (deficits), end of year	<u>\$ 499,517</u>	<u>\$ (34,545)</u>	<u>\$ 92,094</u>	<u>\$ 557,066</u>

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

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**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 \$(247,418)

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	\$ 20,475	
Depreciation expense	<u>(10,152)</u>	<u>10,323</u>

Change in net position of governmental activities \$(237,095)

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

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014**

	Business-Type Activities			Total
	Enterprise Funds			
	Workshops	Technology/ Testing Cooperative	Other Nonmajor Fund- Film Cooperative	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 240,074	\$ 190,573	\$ 10,464	\$ 441,111
Due from other governments	-	4,830	-	4,830
Total current assets	240,074	195,403	10,464	445,941
Noncurrent assets:				
Capital assets, net	565	1,135	-	1,700
Total assets	240,639	196,538	10,464	447,641
LIABILITIES				
Current liabilities:				
Accounts payable	11,946	100	-	12,046
Due to other governments	875	-	-	875
Total liabilities	12,821	100	-	12,921
NET POSITION				
Net investment in capital assets	565	1,135	-	1,700
Unrestricted	227,253	195,303	10,464	433,020
Total net position	<u>\$ 227,818</u>	<u>\$ 196,438</u>	<u>\$ 10,464</u>	<u>\$ 434,720</u>

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

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITON
PROPRIETARY FUNDS
For the year ended June 30, 2014**

	Business-Type Activities			Total
	Enterprise Funds			
	Workshops	Technology/ Testing Cooperative	Other Nonmajor Fund- Film Cooperative	
Operating revenues:				
Charges for services	\$ 61,230	\$ 80,001	\$ -	\$ 141,231
Operating expenses:				
Salaries and benefits	-	48,626	-	48,626
Purchased services	31,751	27,065	-	58,816
Supplies and materials	1,147	4,398	-	5,545
Depreciation	282	3,212	-	3,494
 Total operating expenses	 33,180	 83,301	 -	 116,481
 Operating income (loss)	 28,050	 (3,300)	 -	 24,750
Nonoperating revenues:				
Interest	1,058	898	48	2,004
 Change in net position	 29,108	 (2,402)	 48	 26,754
Net position, beginning of year	198,710	198,840	10,416	407,966
Net position, end of year	\$ 227,818	\$ 196,438	\$ 10,464	\$ 434,720

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

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2014**

	Business-Type Activities			Total
	Enterprise Funds			
	Workshops	Technology/ Testing Cooperative	Other Nonmajor Fund- Film Cooperative	
Cash flows from operating activities:				
Collection of fees	\$ 64,030	\$ 80,541	\$ -	\$ 144,571
Payments to suppliers and providers of goods and services	(26,306)	(31,363)	-	(57,669)
Payments to employees	-	(48,626)	-	(48,626)
Net cash provided by operating activities	<u>37,724</u>	<u>552</u>	<u>-</u>	<u>38,276</u>
Cash flows from investing activities:				
Interest	<u>1,058</u>	<u>898</u>	<u>48</u>	<u>2,004</u>
Cash flows from noncapital financing activities:				
Receipts from interfund borrowings	<u>109,694</u>	<u>-</u>	<u>-</u>	<u>109,694</u>
Net increase in cash and cash equivalents	148,476	1,450	48	149,974
Cash and cash equivalents, beginning of year	<u>91,598</u>	<u>189,123</u>	<u>10,416</u>	<u>291,137</u>
Cash and cash equivalents, ending of year	<u>\$ 240,074</u>	<u>\$ 190,573</u>	<u>\$ 10,464</u>	<u>\$ 441,111</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 28,050	\$ (3,300)	\$ -	\$ 24,750
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	282	3,212	-	3,494
Decrease in due from other governments	2,800	540	-	3,340
Increase in accounts payable	5,946	100	-	6,046
Increase in due to other governments	646	-	-	646
Net cash provided by operating activities	<u>\$ 37,724</u>	<u>\$ 552</u>	<u>\$ -</u>	<u>\$ 38,276</u>

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

NOTES TO FINANCIAL STATEMENTS

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 13's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education No. 13 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Clinton, Marion, and Washington counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. 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 Office of Education No. 13 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 13 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 13's financial statements. In addition, the Regional Office of Education No. 13 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 13 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Net Position includes all of the Regional Office of Education No. 13's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards 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 the 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. All internal balances in the Statement of Net Position have been eliminated.

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.

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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized 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 provider have been met.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become 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. The Regional Office of Education No. 13 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid expenses and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include local sources, State sources, federal sources, and interest. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources. Revenues received after the Regional Office's availability period is reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education No. 13's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

It is the Regional Office of Education No. 13's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

1. Governmental Funds

The Regional Office of Education No. 13 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education No. 13 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education No. 13. Included in this fund are:

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

1. **Governmental Funds** (Continued)

General Fund (Continued)

Special Projects – This fund accounts for miscellaneous expenses and programs that benefit the school districts and/or regional office.

Alternative Education Project – This fund accounts for Alternative School General State Aid funding.

Safe School Tuition – This program accounts for tuition payments from local districts sending students to the Safe School in Centralia.

Safe School Projects – This program accounts for General State Aid and miscellaneous income and expenses relative to the Safe School in Centralia.

Administrator’s Academy - This program provides required training and continuing education of administrators.

Conference – This program provides for events such as Talent Search and Olympiad programs.

Education Fund - This special revenue 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:

Title II – Teacher Quality Leadership Grant – To account for Title II Teacher Quality Leadership grant from the State which is for the purpose of implementing the purchase of the principal and/or teacher evaluation training.

Truants Alternative/Optional Education – This is a State-approved program leading to a high school diploma for students with truancy problems.

Early Childhood Block Grant - This program provides early assistance to children and parents to enhance the child’s physical, social, and cognitive skills, and assist those identified as being at risk of academic failure.

Homeless Children/Youth – This program provides educational services for homeless students, tutoring, clothing, school activity fees, and transportation.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

1. **Governmental Funds** (Continued)

Education Fund (Continued)

Regional Safe Schools – Safe schools are alternative programs for disruptive youths in grades 6-12. Students eligible for this program must have been suspended or expelled by a local school district.

ROE/ISC Operations -This fund accounts for the grant that provides the funding for the Regional Office of Education.

Special Education for Infants and Families with Disabilities – This program is funded by the Department of Human Services to help families with children between birth and age three obtain evaluations and assessments. Individualized plans are developed to help a child learn, grow, and receive needed services.

Cross State Collaborative Learning Project – This fund is to provide resources and support to innovative districts.

Title IIA – Teacher Quality – This program provides early assistance to children and parents to enhance the child’s physical, social, and cognitive skills, and assist those identified as being at risk of academic failure.

Title I – School Improvement System of Support (SSOS) – This grant is set up to train local trainers in our area as well as statewide trainers.

Additionally, the Regional Office of Education No. 13 reports the following nonmajor governmental funds:

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Included among these funds are:

Institute – This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses to promote the professional growth of teachers and school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

General Education Development (GED) – This fund accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

ROE School Bus Driver Training – This fund accounts for State and local receipts and expenses designed for initial and refresher courses of instruction for school bus drivers.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

1. **Governmental Funds** (Continued)

Special Revenue Funds (Continued)

Supervisory – This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

2. **Proprietary Funds**

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

The Regional Office of Education No. 13 reports the following major proprietary funds:

Workshops – This program provides teacher workshops.

Technology/Testing Cooperative – This program is a local district cooperative that provides services for scoring and reporting of student achievement testing.

The Regional Office of Education No. 13 reports the following nonmajor proprietary fund:

Film Cooperative – This program is a Marion County schools cooperative that purchases and loans film and video materials for instructional use.

D. **Assets, Liabilities, and Net Position or Equity**

1. **Deposits and Investments**

The Regional Office of Education No. 13 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of 90 days or less to be cash and cash equivalents. State regulations require that the Regional Office of Education No. 13 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

The Regional Office of Education No. 13 does not have a formal investment policy. Statutes authorize the Regional Office of Education No. 13 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

2. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. Capital assets

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Office equipment and furniture	5-10
Computer equipment	3-5
Other equipment	5-20

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Liabilities, and Net Position or Equity** (Continued)

4. **Compensated Absences**

Full-time non-certified and certified employees earn up to 15 vacation days for a full year of service. As a matter of general practice, vacation days do not carry over from one year to the next; therefore, no liability is accrued.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 221 days for IMRF eligible employees and up to 340 days for TRS eligible employees. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay; therefore, no liability is accrued.

5. **Equity Classifications**

Government-wide Statements

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.

Fund Statements

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

Nonspendable Fund Balance – the portion of a Governmental Fund's fund balance that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Liabilities, and Net Position or Equity** (Continued)

5. **Equity Classifications** (Continued)

Fund Statements (Continued)

Restricted Fund Balance – the portion of a Governmental Fund’s fund balance that are subject to external enforceable legal restrictions. The following account’s fund balances are restricted by grant agreements or contracts: Truants Alternative/Optional Education, Homeless Children/Youth, and ROE/ISC Operations. The following funds are restricted by Illinois Statute: Institute, General Education Development, and Supervisory.

Committed Fund Balance – the portion of a Governmental Fund’s fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

Assigned Fund Balance – the portion of a Governmental Fund’s fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Alternative Education Project, Safe School Tuition, Safe School Projects, Administrator’s Academy, and Conference.

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 Special Projects, Title II – Teacher Quality Leadership Grant, Early Childhood Block Grant, Regional Safe Schools, Special Education for Infants and Families with Disabilities, and ROE School Bus Driver Training accounts.

E. **New Accounting Pronouncements**

In 2014, the Regional Office of Education No. 13 implemented Governmental Accounting Standards Board (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*. These statements had no impact on the financial statements for the Regional Office of Education No. 13. The Regional Office of Education also implemented GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This clarified GASB 63’s presentation of deferred inflows and outflows of resources.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

2. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education No. 13 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education and the Illinois Department of Human Services are prepared and submitted to the granting agency as part of the grant awards process. The granting agency must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants received from the Illinois State Board of Education and the Illinois Department of Human Services: Title II – Teacher Quality Leadership Grant, Truants Alternative/Optional Education, Early Childhood Block Grant, Regional Safe Schools, ROE/ISC Operations, Special Education for Infants and Families with Disabilities, Cross State Collaborative Learning Project, and Title II – Teacher Quality.

3. USE OF 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.

4. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2014, the carrying amount of the Regional Office of Education No. 13's governmental activities and business-type activities were \$408,033 and \$441,111, respectively. The bank balances totaled \$1,025,559 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 13's name, and were, therefore, not exposed to custodial credit risk.

B. Investments

At June 30, 2014, the carrying amount of the Regional Office of Education No. 13's deposits in the Illinois Funds Money Market Fund for the governmental activities was \$7,360. The bank balance invested in the Illinois Funds Money Market Fund was \$7,360. This fund enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. These deposits are included in cash and cash equivalents in the Regional Office of Education No. 13's governmental activities.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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 provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

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

Concentration of Credit Risk

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

5. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS

The Regional Office of Education No. 13 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education No. 13 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

6. CONTINGENCIES

The Regional Office of Education No. 13 has received funding from Federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education No. 13 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 13's operations.

7. OPERATING LEASE

The Clinton, Marion, and Washington Counties Regional Office of Education No. 13 has entered into several annual operating leases through June 30, 2014 for the Truants Alternative/Optional Education, Regional Safe School, and Special Education for Infants and Families with Disabilities programs to provide classroom space and office space for grant programs. Rent expense for 2014 totaled \$53,990. Future minimum rental payments for fiscal years ended June 30, 2015 through June 30, 2018 will be \$21,540 per year.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Office equipment and furniture	\$ 38,885	\$ 2,963	\$ (525)	\$ 41,323
Computer equipment	105,777	17,512	(134)	123,155
Other equipment and leasehold improvements	16,961	-	-	16,961
Total capital assets being depreciated	<u>161,623</u>	<u>20,475</u>	<u>(659)</u>	<u>181,439</u>
Less accumulated depreciation for:				
Office equipment and furniture	(30,626)	(2,059)	525	(32,160)
Computer equipment	(99,814)	(7,551)	134	(107,231)
Other equipment and leasehold improvements	(16,419)	(542)	-	(16,961)
Total accumulated depreciation	<u>(146,859)</u>	<u>(10,152)</u>	<u>659</u>	<u>(156,352)</u>
Governmental activities capital assets, net	<u>\$ 14,764</u>	<u>\$ 10,323</u>	<u>\$ -</u>	<u>\$ 25,087</u>
Business-type activities:				
Capital assets being depreciated:				
Office equipment and furniture	\$ 26,959	\$ -	\$ -	\$ 26,959
Computer equipment	24,364	-	-	24,364
Other equipment and leasehold improvements	19,960	-	-	19,960
Total capital assets being depreciated	<u>71,283</u>	<u>-</u>	<u>-</u>	<u>71,283</u>
Less accumulated depreciation for:				
Office equipment and furniture	(25,464)	(360)	-	(25,824)
Computer equipment	(23,518)	(281)	-	(23,799)
Other equipment and leasehold improvements	(17,107)	(2,853)	-	(19,960)
Total accumulated depreciation	<u>(66,089)</u>	<u>(3,494)</u>	<u>-</u>	<u>(69,583)</u>
Business-type activities capital assets, net	<u>\$ 5,194</u>	<u>\$ (3,494)</u>	<u>\$ -</u>	<u>\$ 1,700</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education No. 13 as follows:

Governmental activities:	
Instructional services	<u>\$ 10,152</u>
Business-type activities:	
Instructional services	<u>\$ 3,494</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education No. 13 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 the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher 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 No. 13'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 No. 13. 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 No. 13 recognized revenue and expenditures of \$341,200 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013, and June 30, 2012, the contribution rates were 28.05 percent (\$259,824) and 24.91 percent (\$242,265), respectively.

The Regional Office of Education No. 13 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 changes. This rate is specified by statute. Contributions for the year ended June 30, 2014 were \$4,560. Contributions for the years ended June 30, 2013, and 2012 were \$4,348 and \$4,627, 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 No. 13, there is a statutory requirement for the Regional Office of Education No. 13 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.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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 contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$21,789 were paid from federal and special trust funds that required employer contributions of \$7,715. For the years ended June 30, 2013, and June 30, 2012, required Regional Office of Education No. 13 contributions were \$5,349 and \$3,867, respectively.

Early Retirement Option (ERO) – The Regional Office of Education No. 13 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 146.5 percent and applies when the member is age 55 at retirement.

For the years ended June 30, 2014, June 30, 2013, and June 30, 2012, the Regional Office of Education No. 13 made no payments to TRS for employer contributions under the Early Retirement Option.

Salary Increases Over 6 Percent and Excess Sick Leave – If the Regional Office of Education No. 13 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education No. 13 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.

For the years ended June 30, 2014, June 30, 2013, and June 30, 2012, the Regional Office of Education No. 13 made no payments for employer contributions to TRS due on salary increases in excess of 6 percent.

If the Regional Office of Education No. 13 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 No. 13 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 Regional Office of Education No. 13 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 years ended June 30, 2014, June 30, 2013, and June 30, 2012, the Regional Office of Education No. 13 made no payments for employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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, IL 62794-9253. The most current report is also available on the TRS website at <http://trs.illinois.gov>.

B. Illinois Municipal Retirement Fund

Plan Description – The Regional Office of Education No. 13'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 No. 13'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 No. 13'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 12.79 percent. The Regional Office of Education No. 13 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.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Annual Pension Cost – The required contribution for calendar year 2013 was \$198,496.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2013	\$ 198,496	100%	\$ -
12/31/2012	139,628	100%	-
12/31/2011	88,919	100%	-

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 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.0 percent annually. The actuarial value of the Regional Office of Education No. 13’s Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.0 percent corridor between the actuarial and market value of assets. The Regional Office of Education No. 13’s Regular 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.

Funded Status and Fund Progress – As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 81.85 percent funded. The actuarial accrued liability for benefits was \$2,016,585 and the actuarial value of assets was \$1,650,475, resulting in an underfunded actuarial accrued liability (UAAL) of \$366,110. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$1,551,963 and the ratio of the UAAL to the covered payroll was 24 percent.

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.

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers’ Retirement System or the Illinois Municipal Retirement Fund are considered “nonparticipating employees”. These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

The Regional Office of Education No. 13 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of 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 the TRS who are not employees of the state to make a contribution to the 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 No. 13. 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 \$7,627, and the Regional Office of Education No. 13 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 13 employees were \$6,896 and \$7,021, respectively.

Employer contributions to THIS Fund - The Regional Office of Education No. 13 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.72 percent during the year end June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the Regional Office of Education No. 13 paid \$5,661 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the Regional Office of Education No. 13 paid \$5,172 and \$5,266 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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."

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits

The Regional Office of Education No. 13 allows employees, who retire through the Regional Office of Education No. 13's plan disclosed in Note 9B, the option to continue in the Regional Office of Education No. 13's health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education No. 13's health insurance plan is considered a community rated plan. In addition, the ROE No. 13 has no explicit subsidy as defined in GASB S-45.

11. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 13 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 13 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

12. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2014, interfund receivables and payables were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 259,481	\$ -
Education Fund	-	259,202
Nonmajor Special Revenue Fund	-	279
Totals	<u>\$ 259,481</u>	<u>\$ 259,481</u>

At June 30, 2014, all of the interfund balances consist of loans between individual funds within the same pooled cash account. The loans were used to cover cash shortages in these individual funds.

13. DEFICIT FUND BALANCES

The following individual funds carried the following deficit balances as of June 30, 2014:

Title II – Teacher Quality Leadership Grant	\$ 100
Early Childhood Block Grant	\$ 57,318
Regional Safe Schools	\$ 9,418
Special Education for Infants and Families with Disabilities	\$ 6,334
ROE School Bus Driver Training	\$ 306

The Regional Office of Education No. 13 intends to reduce these deficits by reducing expenditures in future periods.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

14. DUE TO/DUE FROM OTHER GOVERNMENTS

The Regional Office of Education No. 13's General Fund, Education Fund, and Enterprise Funds had funds due from/to various other governmental units which consisted of the following at June 30, 2014:

Due From Other Governments:	
General Fund:	
Clinton County	\$ 878
Local School Districts	2,000
	2,878
Education Fund:	
Illinois State Board of Education	69,156
Department of Human Services	263,849
Regional Office of Education #50	7,212
	340,217
Enterprise Funds:	
Local School Districts	4,830
	\$ 347,925
Due To Other Governments:	
General Fund:	
Kaskaskia College	\$ 398
Education Fund:	
Local School Districts	79
Illinois State Board of Education	143
	222
Enterprise Funds:	
Kaskaskia College	875
	\$ 1,495

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

15. ON-BEHALF PAYMENTS

Clinton, Marion, and Washington Counties provide the Regional Office of Education No. 13 with staff and pay certain expenditures on behalf of the Regional Office of Education No. 13. The expenditures paid on the Regional Office of Education No. 13's behalf for the year ended June 30, 2014, were as follows:

Salaries and benefits	\$ 146,212
Purchased services	20,874
Supplies and materials	12,747
Equipment	83
	\$ 179,916

The on-behalf payments are reflected as revenues and expenditures of the General Fund.

The Regional Office of Education No. 13 also received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

Regional Superintendent-salary	\$ 104,784
Regional Superintendent-benefits (includes State paid insurance)	27,868
Assistant Regional Superintendent-salary	94,320
Assistant Regional Superintendent-benefits (includes State paid insurance)	21,663
TRS pension contributions	341,200
THIS post-employment benefit contributions	7,627
	\$ 597,462

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

The on-behalf payments are reflected as revenues and expenditures of the General Fund.

16. REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013 the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2014. Effective July 1, 2015, Jefferson County will be included in the Regional Office of Education No. 13.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENTS

17. PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements, including additional note disclosures and required supplementary information, for state and local governments that provide their employees with pension benefits. At this time, the effect of the statement on the financial statements is indeterminable; however, the Statement of Net Position may be adjusted to include a significant liability for the government's proportionate share of the employee pension plans' unfunded liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**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]
12/31/2013	\$ 1,650,475	\$ 2,016,585	\$ 366,110	81.85 %	\$ 1,551,963	23.59 %
12/31/2012	1,862,318	2,175,665	313,347	85.60 %	1,170,396	26.77 %
12/31/2011	1,617,159	1,920,909	303,750	84.19 %	760,642	39.93 %

On a market value basis the actuarial value of assets as of December 31, 2013 was \$1,962,532. On a market basis, the funded ratio would be 97.32 percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Clinton, Marion, and Washington Counties Regional Office of Education No. 13. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100 percent funded.

SUPPLEMENTAL INFORMATION

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2014**

	Special Projects	Alternative Education Project	Safe School Tuition	Safe School Projects
ASSETS				
Cash and cash equivalents	\$ 45,412	\$ 13,348	\$ 109,011	\$ 69,765
Due from other funds	-	203,088	56,393	-
Due from other governments	878	-	2,000	-
	<u>46,290</u>	<u>216,436</u>	<u>167,404</u>	<u>69,765</u>
Total assets	<u>\$ 46,290</u>	<u>\$ 216,436</u>	<u>\$ 167,404</u>	<u>\$ 69,765</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 30	\$ 808	\$ -	\$ 191
Salaries and benefits payable	-	9,031	2,212	13,663
Due to other governments	398	-	-	-
	<u>428</u>	<u>9,839</u>	<u>2,212</u>	<u>13,854</u>
Total liabilities	<u>428</u>	<u>9,839</u>	<u>2,212</u>	<u>13,854</u>
FUND BALANCES				
Assigned	-	206,597	165,192	55,911
Unassigned	45,862	-	-	-
	<u>45,862</u>	<u>206,597</u>	<u>165,192</u>	<u>55,911</u>
Total fund balances	<u>45,862</u>	<u>206,597</u>	<u>165,192</u>	<u>55,911</u>
Total liabilities and fund balances	<u>\$ 46,290</u>	<u>\$ 216,436</u>	<u>\$ 167,404</u>	<u>\$ 69,765</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
GENERAL FUND
June 30, 2014**

	Administrator's Academy	Conference	Total
ASSETS			
Cash and cash equivalents	\$ 17,098	\$ 8,857	\$ 263,491
Due from other funds	-	-	259,481
Due from other governments	-	-	2,878
	<u>\$ 17,098</u>	<u>\$ 8,857</u>	<u>\$ 525,850</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 1,029
Salaries and benefits payable	-	-	24,906
Due to other governments	-	-	398
	<u>-</u>	<u>-</u>	<u>26,333</u>
FUND BALANCES			
Assigned	17,098	8,857	453,655
Unassigned	-	-	45,862
	<u>17,098</u>	<u>8,857</u>	<u>499,517</u>
Total liabilities and fund balances	<u>\$ 17,098</u>	<u>\$ 8,857</u>	<u>\$ 525,850</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2014**

	<u>Special Projects</u>	<u>Alternative Education Project</u>	<u>Safe School Tuition</u>	<u>Safe School Projects</u>
Revenues:				
Local sources	\$ 25,990	\$ 7,554	\$ 58,550	\$ -
State sources	-	156,702	-	87,117
On-behalf payments - local	179,916	-	-	-
On-behalf payments - state	597,462	-	-	-
Interest	215	925	653	513
	<u>803,583</u>	<u>165,181</u>	<u>59,203</u>	<u>87,630</u>
Expenditures:				
Salaries and benefits	14,832	210,188	37,629	149,503
Purchased services	16,364	41,877	1,597	39,627
Supplies and materials	2,215	7,696	-	5,506
Other objects	47	-	-	-
On-behalf payments - local	179,916	-	-	-
On-behalf payments - state	597,462	-	-	-
	<u>810,836</u>	<u>259,761</u>	<u>39,226</u>	<u>194,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,253)</u>	<u>(94,580)</u>	<u>19,977</u>	<u>(107,006)</u>
Fund balances, beginning of year	<u>53,115</u>	<u>301,177</u>	<u>145,215</u>	<u>162,917</u>
Fund balances, end of year	<u>\$ 45,862</u>	<u>\$ 206,597</u>	<u>\$ 165,192</u>	<u>\$ 55,911</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Concluded)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2014**

	Administrator's Academy	Conference	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Local sources	\$ 10,525	\$ 8,250	\$ 110,869
State sources	-	-	243,819
On-behalf payments - local	-	-	179,916
On-behalf payments - state	-	-	597,462
Interest	76	39	2,421
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>10,601</u>	<u>8,289</u>	<u>1,134,487</u>
Expenditures:			
Salaries and benefits	-	-	412,152
Purchased services	8,775	7,612	115,852
Supplies and materials	1,101	-	16,518
Other objects	-	-	47
On-behalf payments - local	-	-	179,916
On-behalf payments - state	-	-	597,462
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>9,876</u>	<u>7,612</u>	<u>1,321,947</u>
Excess (deficiency) of revenues over (under) expenditures	<u>725</u>	<u>677</u>	<u>(187,460)</u>
Fund balances, beginning of year	<u>16,373</u>	<u>8,180</u>	<u>686,977</u>
Fund balances, end of year	<u>\$ 17,098</u>	<u>\$ 8,857</u>	<u>\$ 499,517</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2014**

	Title II - Teacher Quality Leadership Grant	Truants Alternative/ Optional Education	Early Childhood Block Grant	Homeless Children/Youth
ASSETS				
Cash and cash equivalents	\$ -	\$ 50,109	\$ -	\$ 6,204
Accounts receivable	-	871	-	-
Due from other governments	53	70	63,058	-
	<u>53</u>	<u>70</u>	<u>63,058</u>	<u>-</u>
Total assets	<u>\$ 53</u>	<u>\$ 51,050</u>	<u>\$ 63,058</u>	<u>\$ 6,204</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 153	\$ -	\$ 2,321	\$ -
Salaries and benefits payable	-	19,208	102,688	-
Due to other funds	-	-	15,281	-
Due to other governments	-	-	86	-
	<u>153</u>	<u>-</u>	<u>120,376</u>	<u>-</u>
Total liabilities	<u>153</u>	<u>19,208</u>	<u>120,376</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	-	31,842	-	6,204
Unassigned	(100)	-	(57,318)	-
	<u>(100)</u>	<u>-</u>	<u>(57,318)</u>	<u>-</u>
Total fund balances (deficits)	<u>(100)</u>	<u>31,842</u>	<u>(57,318)</u>	<u>6,204</u>
Total liabilities and fund balances	<u>\$ 53</u>	<u>\$ 51,050</u>	<u>\$ 63,058</u>	<u>\$ 6,204</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2014**

	Regional Safe Schools	ROE/ISC Operations	Special Education for Infants and Families with Disabilities	Cross State Collaborative Learning Project
ASSETS				
Cash and cash equivalents	\$ -	\$ 586	\$ -	\$ 2,603
Accounts receivable	599	-	-	-
Due from other governments	5,464	-	263,849	-
Total assets	<u>\$ 6,063</u>	<u>\$ 586</u>	<u>\$ 263,849</u>	<u>\$ 2,603</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 7	\$ 36,890	\$ 2,467
Salaries and benefits payable	9,437	-	-	-
Due to other funds	6,044	-	233,293	-
Due to other governments	-	-	-	136
Total liabilities	15,481	7	270,183	2,603
FUND BALANCES (DEFICITS)				
Restricted	-	579		-
Unassigned	(9,418)	-	(6,334)	-
Total fund balances (deficits)	(9,418)	579	(6,334)	-
Total liabilities and fund balances	<u>\$ 6,063</u>	<u>\$ 586</u>	<u>\$ 263,849</u>	<u>\$ 2,603</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2014**

	<u>Title IIA Teacher Quality</u>	<u>Title I School Improvement System of Support</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 59,502
Accounts receivable	-	-	1,470
Due from other governments	511	7,212	340,217
	<u>511</u>	<u>7,212</u>	<u>340,217</u>
Total assets	<u>\$ 511</u>	<u>\$ 7,212</u>	<u>\$ 401,189</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 3,139	\$ 44,977
Salaries and benefits payable	-	-	131,333
Due to other funds	511	4,073	259,202
Due to other governments	-	-	222
	<u>511</u>	<u>7,212</u>	<u>435,734</u>
Total liabilities	<u>511</u>	<u>7,212</u>	<u>435,734</u>
FUND BALANCES (DEFICITS)			
Restricted	-	-	38,625
Unassigned	-	-	(73,170)
	<u>-</u>	<u>-</u>	<u>(34,545)</u>
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>(34,545)</u>
Total liabilities and fund balances	<u>\$ 511</u>	<u>\$ 7,212</u>	<u>\$ 401,189</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2014**

	Title II - Teacher Quality Leadership Grant	Truants Alternative/ Optional Education	Early Childhood Block Grant	Homeless Children/Youth
Revenues:				
Local sources	\$ -	\$ 1,372	\$ 80	\$ -
State sources	-	151	854,913	-
Federal sources	3,653	24,388	-	26,835
Interest	-	459	80	13
	<u>3,653</u>	<u>26,370</u>	<u>855,073</u>	<u>26,848</u>
Total revenues				
Expenditures:				
Salaries and benefits	-	19,208	774,369	18,400
Purchased services	3,700	19,689	69,683	6,279
Supplies and materials	53	30	40,997	2,156
Capital outlay	-	-	2,460	-
Payments to other governments	-	-	10,860	-
	<u>3,753</u>	<u>38,927</u>	<u>898,369</u>	<u>26,835</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(100)</u>	<u>(12,557)</u>	<u>(43,296)</u>	<u>13</u>
Fund balances (deficits), beginning of year	<u>-</u>	<u>44,399</u>	<u>(14,022)</u>	<u>6,191</u>
Fund balances (deficits), end of year	<u>\$ (100)</u>	<u>\$ 31,842</u>	<u>\$ (57,318)</u>	<u>\$ 6,204</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)**

EDUCATION FUND ACCOUNTS

For the year ended June 30, 2014

	Regional Safe Schools	ROE/ISC Operations	Special Education for Infants and Families with Disabilities	Cross State Collaborative Learning Project
Revenues:				
Local sources	\$ 854	\$ -	\$ 420	\$ -
State sources	63,384	28,243	1,289,753	75,000
Federal sources	-	-	512,407	-
Interest	-	8	-	-
Total revenues	64,238	28,251	1,802,580	75,000
Expenditures:				
Salaries and benefits	63,721	27,108	1,438,872	-
Purchased services	-	-	311,757	71,250
Supplies and materials	-	1,135	25,689	3,750
Capital outlay	-	-	34,563	-
Payments to other governments	-	-	-	-
Total expenditures	63,721	28,243	1,810,881	75,000
Excess (deficiency) of revenues over (under) expenditures	517	8	(8,301)	-
Fund balances (deficits), beginning of year	(9,935)	571	1,967	-
Fund balances (deficits), end of year	\$ (9,418)	\$ 579	\$ (6,334)	\$ -

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Concluded)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2014**

	Title IIA <u>Teacher Quality</u>	Title I School Improvement <u>System of Support</u>	<u>Total</u>
Revenues:			
Local sources	\$ -	\$ -	\$ 2,726
State sources	-	-	2,311,444
Federal sources	511	9,029	576,823
Interest	-	-	560
	<u>511</u>	<u>9,029</u>	<u>2,891,553</u>
Expenditures:			
Salaries and benefits	-	-	2,341,678
Purchased services	511	7,779	490,648
Supplies and materials	-	1,250	75,060
Capital outlay	-	-	37,023
Payments to other governments	-	-	10,860
	<u>511</u>	<u>9,029</u>	<u>2,955,269</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(63,716)</u>
Fund balances (deficits), beginning of year	<u>-</u>	<u>-</u>	<u>29,171</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,545)</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II - TEACHER QUALITY LEADERSHIP GRANT #14-4935-02
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 3,753	\$ 3,753	3,653
Expenditures:			
Purchased services	3,700	3,700	3,700
Supplies and materials	53	53	53
Total expenditures	3,753	3,753	3,753
Deficiency of revenues under expenditures	\$ -	\$ -	\$ (100)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (100)

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION #14-3695-14
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 1,372
State sources	31	31	151
Federal sources	-	-	24,388
Interest	-	-	459
	<u>31</u>	<u>31</u>	<u>26,370</u>
Expenditures:			
Salaries and benefits	-	-	19,208
Purchased services	-	-	19,689
Supplies and materials	31	31	30
	<u>31</u>	<u>31</u>	<u>38,927</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(12,557)
Fund balance, beginning of year			<u>44,399</u>
Fund balance, end of year			<u>\$ 31,842</u>

Note: Actual column also includes National School Lunch Program revenue (\$14,621 from Project 14-4210-00 and \$2,256 from Project 13-4210-00), School Breakfast Program revenue (\$6,492 from Project 14-4220-00 and \$1,019 from Project 13-4220-00), and State Free Lunch revenue (\$452 from Project 14-3360-00 and \$28 from Project 13-3360-00). State Revenue also includes a payment of \$360 to the state for the prior grant year.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD - BLOCK GRANT #13-3705-00
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 882,816	\$ 882,816	\$ 98,217
Expenditures:			
Salaries and benefits	762,839	750,622	107,120
Purchased services	59,690	65,261	3,474
Supplies and materials	52,287	55,066	16,353
Capital outlay	-	3,109	2,460
Payments to other governments	8,000	8,758	-
Total expenditures	882,816	882,816	129,407
Deficiency of revenues under expenditures	\$ -	\$ -	(31,190)
Fund balance (deficit), beginning of year			(14,022)
Fund balance (deficit), August 31, 2013			\$ (45,212)

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD - BLOCK GRANT #14-3705-00
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 80
State sources	882,816	882,816	756,696
Interest	-	-	80
	882,816	882,816	756,856
Total revenues	882,816	882,816	756,856
Expenditures:			
Salaries and benefits	786,003	776,939	667,249
Purchased services	68,900	69,683	66,209
Supplies and materials	19,413	24,626	24,644
Capital outlay	500	708	-
Payments to other governments	8,000	10,860	10,860
	882,816	882,816	768,962
Total expenditures	882,816	882,816	768,962
Deficiency of revenues under expenditures	\$ -	\$ -	(12,106)
Fund balance (deficit), August 31, 2013			(45,212)
Fund balance (deficit), end of year			\$ (57,318)

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS #14-3696-00
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 854
State sources	63,384	63,384	63,384
Total revenues	<u>63,384</u>	<u>63,384</u>	<u>64,238</u>
Expenditures:			
Salaries and benefits	<u>63,384</u>	<u>63,384</u>	<u>63,721</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	517
Fund balance (deficit), beginning of year			<u>(9,935)</u>
Fund balance (deficit), end of year			<u>\$ (9,418)</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #14-3730-00
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 28,243	\$ 28,243	\$ 28,243
Interest	-	-	8
Total revenues	<u>28,243</u>	<u>28,243</u>	<u>28,251</u>
Expenditures:			
Salaries and benefits	27,108	27,108	27,108
Supplies and materials	<u>1,135</u>	<u>1,135</u>	<u>1,135</u>
Total expenditures	<u>28,243</u>	<u>28,243</u>	<u>28,243</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	8
Fund balance, beginning of year			<u>571</u>
Fund balance, end of year			<u>\$ 579</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
SPECIAL EDUCATION FOR INFANTS AND
FAMILIES WITH DISABILITIES - PROJECT #FCSS000917
For the year ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Local sources	\$ -	\$ -	\$ 420
State sources	1,898,046	1,898,046	1,289,753
Federal sources	-	-	512,407
	<u>1,898,046</u>	<u>1,898,046</u>	<u>1,802,580</u>
Expenditures:			
Salaries and benefits	1,398,215	1,398,215	1,438,872
Purchased services	418,761	418,761	311,757
Supplies and materials	38,300	38,300	25,689
Capital outlay	42,770	42,770	34,563
	<u>1,898,046</u>	<u>1,898,046</u>	<u>1,810,881</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(8,301)
Fund balance, beginning of year			<u>1,967</u>
Fund balance (deficit), end of year			<u>\$ (6,334)</u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CROSS STATE COLLABORATIVE
LEARNING PROJECT - PROJECT #14-3999-00
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 75,000	\$ 75,000	\$ 75,000
Expenditures:			
Purchased services	71,250	71,250	71,250
Supplies and materials	3,750	3,750	3,750
Total expenditures	75,000	75,000	75,000
Excess of revenues over expenditures	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION #13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II - TEACHER QUALITY - PROJECT #14-4932-00
For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 511	\$ 511	\$ 511
Expenditures:			
Purchased services	511	511	511
Deficiency of revenues under expenditures	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

Note: Title II – Teacher Quality grant is included in the Title IIA – Teacher Quality Education Fund account.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2014

	Institute	General Education Development	ROE School Bus Driver Training
ASSETS			
Cash and cash equivalents	\$ 70,158	\$ 19,410	\$ -
Total assets	\$ 70,158	\$ 19,410	\$ -
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 27
Due to other funds	-	-	279
Total liabilities	-	-	306
FUND BALANCES			
Restricted	70,158	19,410	-
Unassigned	-	-	(306)
Total fund balances (deficits)	70,158	19,410	(306)
Total liabilities and fund balances	\$ 70,158	\$ 19,410	\$ -

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING BALANCE SHEET (Concluded)
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2014**

	Supervisory	Total
ASSETS		
Cash and cash equivalents	\$ 2,832	\$ 92,400
Total assets	\$ 2,832	\$ 92,400
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ -	\$ 27
Due to other funds	-	279
Total liabilities	-	306
FUND BALANCES		
Restricted	2,832	92,400
Unassigned	-	(306)
Total fund balances (deficits)	2,832	92,094
Total liabilities and fund balances	\$ 2,832	\$ 92,400

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2014**

	<u>Institute</u>	<u>General Education Development</u>	<u>ROE School Bus Driver Training</u>
Revenues:			
Local sources	\$ 24,740	\$ 7,405	\$ 2,558
State sources	-	-	1,009
Interest	229	82	3
Total revenues	<u>24,969</u>	<u>7,487</u>	<u>3,570</u>
Expenditures:			
Salaries and benefits	10,370	885	2,284
Purchased services	8,072	3,202	1,293
Supplies and materials	5,830	300	45
Total expenditures	<u>24,272</u>	<u>4,387</u>	<u>3,622</u>
Excess (deficiency) of revenues over (under) expenditures	697	3,100	(52)
Fund balances (deficits), beginning of year	<u>69,461</u>	<u>16,310</u>	<u>(254)</u>
Fund balances (deficits), end of year	<u><u>\$ 70,158</u></u>	<u><u>\$ 19,410</u></u>	<u><u>\$ (306)</u></u>

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Concluded)
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2014**

	Supervisory	Total
Revenues:		
Local sources	\$ -	\$ 34,703
State sources	-	1,009
Interest	13	327
	13	327
Total revenues	13	36,039
Expenditures:		
Salaries and benefits	-	13,539
Purchased services	-	12,567
Supplies and materials	-	6,175
	-	6,175
Total expenditures	-	32,281
Excess (deficiency) of revenues over (under) expenditures	13	3,758
Fund balances (deficits), beginning of year	2,819	88,336
Fund balances (deficits), end of year	\$ 2,832	\$ 92,094

FEDERAL COMPLIANCE SECTION

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2014**

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/13 - 6/30/14
U.S. Department of Education:			
<i>Passed through Illinois State Board of Education</i>			
Improving Teacher Quality State Grants			
Title II - Teacher Quality Leadership Grant	84.367A	14-4935-02	\$ 3,753
Title II - Teacher Quality	84.367A	14-4932-00	511
Total Title II Teacher Quality			<u>4,264</u>
<i>Passed through Illinois Department of Human Services</i>			
(M) Special Education Grants for Infants and Families with Disabilities	84.181	FCSS000917	<u>512,407</u>
<i>Passed through Regional Office of Education #3</i>			
McKinney Education for Homeless Children	84.196A	13-4920-00	<u>26,835</u>
<i>Passed through Regional Office of Education #50</i>			
Title I- School Improvement and Accountability	84.010A	14-4331-SS	<u>9,029</u>
Total U.S. Department of Education			<u>552,535</u>
U.S. Department of Agriculture:			
<i>Passed through Illinois State Board of Education</i>			
Child Nutrition Cluster			
National School Lunch Program	10.555	13-4210-00	1,821
National School Lunch Program	10.555	14-4210-00	11,804
Total School Lunch Program			<u>13,625</u>
School Breakfast Program	10.553	13-4220-00	823
School Breakfast Program	10.553	14-4220-00	5,241
Total School Breakfast Program			<u>6,064</u>
Total U.S. Department of Agriculture			<u>19,689</u>
TOTAL			<u>\$ 572,224</u>

(M) Program was audited as a major program

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**CLINTON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2014**

1. REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education No. 13 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.

2. SUBRECIPIENTS

No amounts were awarded to subrecipients.

3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS

Special Education for Infants and Families with Disabilities – This program is funded by the Department of Human Services to help families with children between birth and age three obtain evaluations and assessments. Individualized plans are developed to help a child learn, grow, and receive needed services.

4. NON-CASH ASSISTANCE

The note is not applicable to Regional Office of Education No. 13.

5. AMOUNT OF INSURANCE

The note is not applicable to Regional Office of Education No. 13.

6. LOANS OR LOAN GUARANTEES OUTSTANDING

The note is not applicable to Regional Office of Education No. 13.