

STATE OF ILLINOIS  
DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

**Financial Audit**

For the Year Ended

June 30, 2013

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

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DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Agency Officials

June 30, 2013

Regional Superintendent:  
(Current effective November 26, 2012)

Ms. Amanda Christensen

Regional Superintendent:  
(During the audit period through November 25, 2012)

Mr. Derek Avery

Assistant Regional Superintendent:  
(Current effective August 1, 2012)

Mr. Jeff Smith

Assistant Regional Superintendent:  
(July 1, 2012 through July 31, 2012)

No Assistant Regional  
Superintendent

Office is located at:

2500 N. Annie Glidden Road, Suite C  
DeKalb, Illinois 60115

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Financial Report Summary

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2013-001	10	Controls Over Financial Statement Preparation (Material Journal Entries)	Material Weakness
2013-002	12	Failure to Fully Insure and Collateralize Cash Balances	Material Weakness

PRIOR FINDINGS NOT REPEATED  
(GOVERNMENT AUDITING STANDARDS)

None

EXIT CONFERENCE

An informal exit conference was held on September 25, 2013. Attending were Amanda Christensen, Regional Superintendent of Schools, and Cynthia Le, Senior Auditor of Martin, Hood, Friese & Associates, LLC. Item 2013-001 was discussed at the exit conference. Item 2013-002 was determined subsequent to the exit conference and communicated on November 21, 2013 by email correspondence with the Regional Superintendent.

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Financial Statement Report Summary

For the Year Ended June 30, 2013

The audit of the accompanying basic financial statements of DeKalb County Regional Office of Education #16 was performed by Martin, Hood, Friese & Associates, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the DeKalb County Regional Office of Education #16's basic financial statements.

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

### Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of DeKalb County Regional Office of Education #16 (the ROE), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the ROE's basic financial statements as listed in the table of contents.

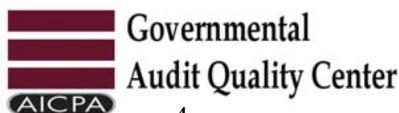
### Management's Responsibility for the Financial Statements

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.

### Auditor's 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 from material misstatement.

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



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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the ROE, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ROE's basic financial statements. The combining and individual non-major fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to Other Entities-Distributive Fund are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non-major fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to Other Entities-Distributive Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the combining and individual non-major fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to Other Entities-Distributive Fund are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated August 21, 2014, on our consideration of the ROE'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 ROE's internal control over financial reporting and compliance.

*Montgomery, Wood, Fries & Associates, LLC*

Champaign, Illinois

August 21, 2014

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeKalb County Regional Office of Education #16 (the ROE) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the ROE's basic financial statements and have issued our report thereon dated August 21, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the ROE'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 ROE's internal control. Accordingly, we do not express an opinion on the effectiveness of the ROE's internal control.

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2013-001 and 2013-002 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the ROE'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*.

### **ROE's Responses to Findings**

The ROE's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The ROE's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ROE'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 ROE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martha Wood, Frazier & Associates, LLC*

Champaign, Illinois  
August 21, 2014

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Schedule of Findings and Responses  
Section I – Summary of Auditors’ Results

For the Year Ended June 30, 2013

**Financial Statements**

Type of auditors’ report issued:

*Unmodified*

Internal control over financial reporting:

Material weakness(es) Identified?

X Yes

     No

Significant deficiency(ies) identified?

     Yes

X None Reported

Noncompliance material to financial statements noted?

     Yes

X No

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Schedule of Findings and Responses  
Section II – Financial Statement Findings

For the Year Ended June 30, 2013

**FINDING:** 2013-001 – Controls Over Financial Statement Preparation (Material Journal Entries) (Partial repeat of Findings 12-1, 11-1, 10-1, 09-1, 08-1 and 07-1)

**CRITERIA/SPECIFIC REQUIREMENT:**

The DeKalb County Regional Office of Education #16 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 #16'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 includes 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 non-major funds in the aggregate, to be provided in the fund financial statements.

**CONDITION:**

The Regional Office of Education #16 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #16 maintains its accounting records on the cash basis of accounting during the fiscal year and posts the adjusting journal entries proposed by the auditor to convert financial statements from cash to accrual at year-end. While the Regional Office of Education #16 maintains controls over the processing of most accounting transactions and reviews revisions to the financial statements and notes proposed by the auditor, 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 #16's trial balance prepared by the Regional Office of Education #16, we noted the Regional Office did not have adequate controls over the maintenance of complete records of cash balances, grants receivable, accounts payable, or earned/unearned revenue. Material adjusting journal entries were identified during the audit to correct the trial balance.

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Schedule of Findings and Responses  
Section II – Financial Statement Findings

For the Year Ended June 30, 2013

**FINDING:** 2013-001 – Controls Over Financial Statement Preparation (Material Journal Entries)  
(Partial repeat of Findings 12-1, 11-1, 10-1, 09-1, 08-1 and 07-1) (Continued)

**EFFECT:**

The Regional Office of Education #16's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**CAUSE:**

According to the Regional Office of Education #16's management, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

**RECOMMENDATION:**

As part of internal control over the preparation of financial statements, the Regional Office of Education #16 should implement a comprehensive preparation procedure to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #16's activities and operations.

**MANAGEMENT'S RESPONSE:**

Management views the finding above consists of two parts. The first is financial statement preparation and the second material journal entries. The Regional Office of Education #16 will use the DeKalb County Financial Office as a resource to review the financial statements to ensure that the financial statements are complete and accurate once the audit is complete. However, as mentioned above, ROE does not have adequate funding to hire personnel during the fiscal year to convert the financial statements from cash basis to accrual basis of accounting. However, ROE is hopeful fiscal 2014 will be fully converted to accrual by the time of the next audit cycle. ROE 16 purchased an update of the accounting software and an independent accountant is being used to set up the accounting software and train existing personnel on how to record financial transactions on accrual basis throughout the year.

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Schedule of Findings and Responses  
Section II – Financial Statement Findings

For the Year Ended June 30, 2013

**FINDING:** 2013-002 Failure to Fully Insure and Collateralize Cash Balances

**CRITERIA/SPECIFIC REQUIREMENT:**

The Public Funds Deposit Act (30 ILCS 225/1) gives the DeKalb County Regional Office of Education #16 (ROE) the authorization to request financial institutions to pledge collateral for deposits in excess of the federally insured limit. In addition, prudent business practice requires that all cash and investments held by financial institutions for the ROE be adequately covered by depository insurance or collateral.

**CONDITION:**

The Regional Office of Education #16 does not have sufficient internal controls to ensure proper collateralization of all cash deposits. At June 30, 2013, the book value of the ROE's deposits was \$332,714 (including (\$684) of fiduciary funds' cash) and the bank balance was \$361,699. Of the total bank balances, \$102,064 was uninsured and uncollateralized.

**EFFECT:**

The Regional Office of Education #16's management did not maintain appropriate collateralization of cash deposits during the fiscal year. Failure to fully insure and collateralize the full amount of cash balances may result in monetary losses to the ROE in the event of a bank failure.

**CAUSE:**

According to the Regional Office of Education #16's management, they were unaware of the level of cash toward the end of the year and were unable to make the proper arrangement with the financial institution to ensure the cash balances were insured and/or collateralized.

**RECOMMENDATION:**

As part of internal control over cash collateralization, the Regional Office of Education #16 should implement procedures to ensure all cash deposits are properly collateralized. This includes monitoring the bank balances of all accounts and working with the financial institution to provide collateral or enter into an agreement with the financial institution to have the cash balances monitored for adequate collateral periodically and adjusted as necessary.

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Schedule of Findings and Responses  
Section II – Financial Statement Findings

For the Year Ended June 30, 2013

**FINDING:** 2013-002 Failure to Fully Insure and Collateralize Cash Balances (Continued)

**MANAGEMENT’S RESPONSE:**

ROE #16 will monitor cash balances closely in fiscal year 2014, especially near the end of the fiscal year and will take appropriate action to ensure cash balances are either deposited in various financial institutions in order to mitigate the risk of uncollateralized cash balances or will enter into a pledged collateral agreement.

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Corrective Action Plan for Current Year Audit Findings

For the Year Ended June 30, 2013

**CORRECTIVE ACTION PLAN**

**FINDING:** 2013-001 – Controls Over Financial Statement Preparation (Material Journal Entries) (Partial repeat of Findings 12-1, 11-1, 10-1, 09-1, 08-1 and 07-1)

**CONDITION:**

The Regional Office of Education #16 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #16 maintains its accounting records on the cash basis of accounting during the fiscal year and posts the adjusting journal entries proposed by the auditor to convert financial statements from cash to accrual at year-end. While the Regional Office of Education #16 maintains controls over the processing of most accounting transactions and reviews revisions to the financial statements and notes proposed by the auditor, 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 #16's trial balance prepared by the Regional Office of Education #16, we noted the Regional Office did not have adequate controls over the maintenance of complete records of cash balances, grants receivable, accounts payable, or earned/unearned revenue. Material adjusting journal entries were identified during the audit to correct the trial balance.

**PLAN:**

The Regional Office of Education #16 will request the assistance of the DeKalb County Accountant to review the financial statements for the year ended June 30, 2013 as well as all proposed journal entries to ensure the financial statements are complete and accurate. For the audit of FY 2014, management will reconcile and record all year end entries on accrual basis of accounting prior to the commencement of FY 2014 audit.

**ANTICIPATED COMPLETION DATE:**

On-going

**CONTACT PERSON:**

Ms. Amanda Christensen, Regional Superintendent

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Corrective Action Plan for Current Year Audit Findings

For the Year Ended June 30, 2013

**CORRECTIVE ACTION PLAN**

**FINDING:** 2013-002 – Failure to Fully Insure and Collateralize Cash Balances

**CONDITION:**

The Regional Office of Education #16 does not have sufficient internal controls to ensure proper collateralization of all cash deposits. At June 30, 2013, the book value of the ROE's deposits was \$332,714 (including (\$684) of fiduciary funds' cash) and the bank balance was \$361,699. Of the total bank balances, \$102,064 was uninsured and uncollateralized.

**PLAN:**

The Regional Office of Education #16 will review the cash balance throughout the next fiscal year and will take appropriate action to safeguard cash balances above the FDIC level of \$250,000.

**ANTICIPATED COMPLETION DATE:**

Next fiscal year ended June 30, 2014

**CONTACT PERSON:**

Ms. Amanda Christensen, Regional Superintendent

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Summary Schedule of Prior Audit Findings

June 30, 2013

<u>Prior Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
12-1	Controls Over Financial Statement Preparation	Partially Repeated

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DeKalb County Regional Office of Education #16 (the ROE) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the ROE's financial statements, which follow.

### **2013 FINANCIAL HIGHLIGHTS**

- Governmental Fund revenues decreased from \$1,075,115 in fiscal year 2012 (FY12) to \$1,040,915 in fiscal year 2013 (FY13), while Governmental Fund expenditures decreased from \$1,035,982 in FY12 to \$1,015,457 in FY13. This was a result of a decrease in funding from the State of Illinois. However, the Governmental Fund fund balance increased in FY13 to \$235,801 from FY12 \$214,615.
- General Fund revenues increased from \$521,102 in FY12 to \$625,341 in FY13 while General Fund expenditures also increased from \$518,071 to \$608,836 in FY13. For FY13 the General Fund includes a Fingerprinting sub-fund (account), which consists of the previous Fingerprinting Fund major special revenue fund. The consolidation of the Fingerprinting Fund into the General Fund was made to comply with recent changes in accounting standards. There was an increase in fingerprinting revenue in FY13 and this resulted in an excess of revenues over expenditures of \$16,505 for the General Fund and an increased fund balance of \$98,911 in FY13 compared to \$82,406 in FY12 (\$13,245 from the General Fund and \$69,161 from the previously presented Fingerprinting major special revenue fund).

### **USING THIS ANNUAL REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the ROE's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the ROE as a whole and present an overall view of the ROE's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the ROE's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with comparisons of the ROE's grant budgets for the year to actual results, and provides detailed information about the nonmajor funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **REPORTING THE AGENCY AS A WHOLE**

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

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

The two Government-wide statements report the ROE's net position and how they have changed. Net position – the difference between the ROE's assets and liabilities – are one way to measure the agency's financial health or position. Over time, increases or decreases in the ROE's net position are an indicator of whether financial position is improving or deteriorating, respectively. To assess the ROE's overall health, additional non-financial factors, such as a change in the ROE's responsibilities and staffing, the community and the condition of school buildings and other facilities, need to be considered.

In the Government-wide financial statements, the ROE's activities are reported as:

- *Governmental activities:* All of the ROE's services are included here, such as Regional Safe Schools instruction and instructional staff support services and administration. Federal and State grants finance most of these activities.

#### *Fund Financial Statements*

The fund financial statements provide detailed information about the ROE's funds, focusing on its most significant or "major" funds – not the ROE as a whole. Funds are accounting devices the ROE uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. The ROE established other funds to control and manage money for particular purposes, such as accounting for State and Federal grants.

The ROE has two kinds of funds:

- 1) Governmental funds account for all of the ROE's services. These focus on how cash and other financial assets can readily be converted to cash flow and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the ROE's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information immediately following each of the governmental fund statements explains the relationship or difference between the two statements. The ROE's governmental funds include: 1) the General Fund, and 2) the Special Revenue funds.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

- 2) Fiduciary funds include Agency Funds. The ROE is the trustee for assets that belong to others. These funds include Agency Funds. Agency funds are funds through which the ROE administers and accounts for certain federal and/or state grants on behalf of others.

The ROE is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The ROE excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statement for the fiduciary funds is the Statement of Fiduciary Net Position.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of financial position. The ROE’s net position at the end of FY13 totaled \$235,801. This is compared to \$214,615 at the end of FY12. The analysis that follows provides a summary of the ROE’s net position at June 30, 2013 and 2012 for governmental activities.

	Statement of Net Position Governmental Activities	
	2013	2012
Current Assets	\$ 371,911	\$ 364,869
Current Liabilities	136,110	150,254
Net Position:		
Restricted for Education Purposes	136,890	132,805
Unrestricted	98,911	81,810
Total Net Position	\$ 235,801	\$ 214,615

A portion of the DeKalb ROE’s net position is restricted for educational purposes. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was \$98,911 and \$81,810 at June 30, 2013 and 2012, respectively. Net position related to the Institute, GED, Education, and Other Nonmajor funds are considered restricted for educational purposes.

The DeKalb ROE’s total revenues for the fiscal years ended June 30, 2013 and June 30, 2012 were \$1,040,915 and \$1,060,594, respectively. The total cost of all programs and services for 2013 and 2012 was \$1,015,457 and \$1,021,461, respectively. The following analysis shows the changes in net position for the years ended June 30, 2013 and 2012.

MANAGEMENT’S DISCUSSION AND ANALYSIS

	Change in Net Position	
	Governmental	
	Activities	
	2013	2012
Revenue:		
Program Revenues:		
Operating Grants and Contributions	\$ 364,752	\$ 598,552
General Revenues:		
Local Sources	93,872	107,706
State Sources	192,586	960
On-behalf payments	389,648	353,376
Interest income	57	-
Total Revenues	1,040,915	1,060,594
Program Expenses:		
Instructional Services	625,809	668,085
Administrative Expenses:		
On-behalf payments	389,648	353,376
Total Expenses	1,015,457	1,021,461
Change in Net Position	25,458	39,133
Net Position - Beginning of Year, As Previously Reported	214,615	175,482
Prior Period Adjustment	(4,272)	-
Net Position - Beginning of Year, As Restated	210,343	175,482
Net Position - End of Year	\$ 235,801	\$ 214,615

Operating grants and contributions and general revenues from local, state and federal sources account for 62.6% of the total revenue. The ROE’s expenses primarily relate to instructional services, which account for 61.6% of the total expenses.

**FINANCIAL ANALYSIS OF THE ROE’S FUNDS**

As previously noted, the DeKalb County Regional Office of Education #16 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Governmental Fund Highlights**

- The DeKalb ROE's General Fund fund balance increased in FY13 to \$98,911 from the previously reported amount of \$13,245 for FY12. The reclassification of the Fingerprinting Fund's June 30, 2012 fund balance into the General Fund as an account, as described in Note 14 to the basic financial statements, generated \$69,191 of the increase. The Fingerprinting account also increased the General Fund fund balance by \$17,917 as the result of FY13 activity due to the increased number of school employees and potential employees who required fingerprinting services in FY13.
- Institute Fund decreased in FY13 to \$71,700 as compared to FY12 at \$75,523. Of this decrease, \$4,272 resulted from a prior period adjustment to record an expenditure incurred in FY12, but initially recorded in FY13.
- General Education Development (GED) Fund increased in FY13 to \$51,490 from FY12 \$45,891. This is due to the increased number of GED applicants without drastically increasing operation costs.
- Education Fund increased in FY13 to \$1,346 from \$166 in FY12.

### **BUDGETARY HIGHLIGHTS**

The ROE was not required to adopt annual budgets for all funds under its control and is not legally required to do so. The ROE submits its budget to the State Board of Education and all other grantors that require it. The budgets may be amended during the year utilizing procedures prescribed by the particular grantor. Over the course of the year, the ROE amended certain operating budgets to reflect additional revenue and expenditures associated with the additional services needed and provided. Budgetary comparison schedules are provided for various grant specific funds as supplementary information on pages 48 to 52.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At the time these financial statements were prepared and audited, the ROE was aware of certain circumstances that could significantly affect its financial health in the future:

- The DeKalb ROE has experienced reduced funding for operations in the form of grant budget cuts. Specifically, TAOEP (truancy) has experienced a 13% decrease from FY12 to the current FY14. The McKinney-Vento (homeless students) grant has decreased by 39% from FY12 to FY14.
- The DeKalb ROE expects the DeKalb County funds to increase by 1% for calendar year 2014.

### **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the ROE's financial statement users with a general overview of the ROE's finances and to demonstrate the ROE's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Regional Superintendent of the DeKalb County Regional Office of Education #16, 2500 N. Annie Glidden Road, Suite C, DeKalb, IL 60115.

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 340,653
Grants Receivable	<u>31,258</u>
Total Assets	<u>371,911</u>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts Payable	107,260
Due to Other Governmental Agencies	17,033
Unearned Revenue	<u>11,817</u>
Total Liabilities	<u>136,110</u>
<b>NET POSITION</b>	
Restricted for Educational Purposes	136,890
Unrestricted	<u>98,911</u>
Total Net Position	<u><u>\$ 235,801</u></u>

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Statement of Activities

For the Year Ended June 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and Contributions	<u>Net (Expense) Revenues and Change in Net Position</u>  Governmental Activities
<b>Governmental Activities</b>			
Instructional Services:			
Salaries and Benefits	\$ 84,492	\$ 84,492	\$ -
Purchased Services	417,510	161,074	(256,436)
Supplies and Materials	18,232	13,611	(4,621)
Payment to Other Government Units	105,575	105,575	-
Administrative:			
On Behalf Payments	389,648	-	(389,648)
Total Governmental Activities	<u>\$ 1,015,457</u>	<u>\$ 364,752</u>	<u>(650,705)</u>
General Revenues:			
Local Sources			93,872
State Sources			192,586
On Behalf Payments			389,648
Interest Income			57
Total General Revenues			<u>676,163</u>
Change in Net Position			<u>25,458</u>
Net Position - Beginning of Year, As Previously Reported			214,615
Prior Period Adjustment			<u>(4,272)</u>
Net Position - Beginning of Year, As Restated			<u>210,343</u>
Net Position - End of Year			<u>\$ 235,801</u>

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Balance Sheet

Governmental Funds

June 30, 2013

	Major Funds					Non-Major Special Revenue Funds	Total Governmental Funds
	General Fund	Institute Fund	General Educational Development Fund	Education Fund	Fingerprinting		
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 101,906	\$ 71,163	\$ 51,490	\$ 103,211	\$ -	\$ 12,883	\$ 340,653
Due from Other Funds	541	3,200	-	-	-	-	3,741
Grants Receivable	-	-	-	31,258	-	-	31,258
Total Assets	<u>\$ 102,447</u>	<u>\$ 74,363</u>	<u>\$ 51,490</u>	<u>\$ 134,469</u>	<u>\$ -</u>	<u>\$ 12,883</u>	<u>\$ 375,652</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 3,536	\$ 2,663	\$ -	\$ 100,948	\$ -	\$ 113	\$ 107,260
Due to Other Funds	-	-	-	3,325	-	416	3,741
Due to Other Governmental Agencies	-	-	-	17,033	-	-	17,033
Unearned Revenue	-	-	-	11,817	-	-	11,817
Total Liabilities	<u>3,536</u>	<u>2,663</u>	<u>-</u>	<u>133,123</u>	<u>-</u>	<u>529</u>	<u>139,851</u>
<b>FUND BALANCES</b>							
Restricted	-	71,700	51,490	1,346	-	12,770	137,306
Assigned	87,078	-	-	-	-	-	87,078
Unassigned	11,833	-	-	-	-	(416)	11,417
Total Fund Balance	<u>98,911</u>	<u>71,700</u>	<u>51,490</u>	<u>1,346</u>	<u>-</u>	<u>12,354</u>	<u>235,801</u>
Total Liabilities and Fund Balances	<u>\$ 102,447</u>	<u>\$ 74,363</u>	<u>\$ 51,490</u>	<u>\$ 134,469</u>	<u>\$ -</u>	<u>\$ 12,883</u>	<u>\$ 375,652</u>

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position

Governmental Funds

June 30, 2013

Total Fund Balances - Governmental Funds	\$ 235,801
Amounts Reported for Governmental Activities in the Statement of Net Position Are the Same	<u>-</u>
Net Position of Governmental Activities	<u>\$ 235,801</u>

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Statement of Revenues, Expenditures and  
Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2013

	Major Funds					Non-Major Special Revenue Funds	Total Governmental Funds
	General Fund	Institute Fund	General Educational Development Fund	Education Fund	Fingerprinting		
<b>Revenues</b>							
Local Sources	\$ 44,010	\$ 36,290	\$ 10,220	\$ 1,000	\$ -	\$ 3,352	\$ 94,872
State Sources	191,626	-	-	333,510	-	960	526,096
On Behalf Payments	389,648	-	-	-	-	-	389,648
Federal Sources	-	-	-	30,242	-	-	30,242
Interest Income	57	-	-	-	-	-	57
Total Revenues	<u>625,341</u>	<u>36,290</u>	<u>10,220</u>	<u>364,752</u>	<u>-</u>	<u>4,312</u>	<u>1,040,915</u>
<b>Expenditures</b>							
Instructional Services:							
Salaries and Benefits	-	-	-	84,492	-	-	84,492
Purchased Services	219,188	35,841	-	159,894	-	2,587	417,510
Supplies and Materials	-	-	4,621	13,611	-	-	18,232
Payment to Other Government Units	-	-	-	105,575	-	-	105,575
Administrative:							
On Behalf Payments	389,648	-	-	-	-	-	389,648
Total Expenditures	<u>608,836</u>	<u>35,841</u>	<u>4,621</u>	<u>363,572</u>	<u>-</u>	<u>2,587</u>	<u>1,015,457</u>
Excess (Deficiency) of Revenues over Expenditures	<u>16,505</u>	<u>449</u>	<u>5,599</u>	<u>1,180</u>	<u>-</u>	<u>1,725</u>	<u>25,458</u>
<b>Fund Balance, Beginning of Year, As Previously Reported</b>	13,245	75,523	45,891	166	69,161	10,629	214,615
<b>Prior Period Adjustment</b>	<u>69,161</u>	<u>(4,272)</u>	<u>-</u>	<u>-</u>	<u>(69,161)</u>	<u>-</u>	<u>(4,272)</u>
<b>Fund Balance, Beginning of Year, As Restated</b>	<u>82,406</u>	<u>71,251</u>	<u>45,891</u>	<u>166</u>	<u>-</u>	<u>10,629</u>	<u>210,343</u>
<b>Fund Balance, End of Year</b>	<u>\$ 98,911</u>	<u>\$ 71,700</u>	<u>\$ 51,490</u>	<u>\$ 1,346</u>	<u>\$ -</u>	<u>\$ 12,354</u>	<u>\$ 235,801</u>

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities

Governmental Funds

For the Year Ended June 30, 2013

Net Change in Fund Balances	\$ 25,458
Amounts Reported for Governmental Activities in the Statement of Activities Are the Same	<u>-</u>
Change in Net Position of Governmental Activities	<u>\$ 25,458</u>

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

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ (684)
Due from Others	1,074
Due from Other Governmental Agencies	<u>40,560</u>
Total Assets	<u><u>\$ 40,950</u></u>
<b>LIABILITIES</b>	
Due to Future Scholarships	\$ -
Due to Other Governmental Agencies	<u>40,950</u>
Total Liabilities	<u><u>\$ 40,950</u></u>

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

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**1. Summary of Significant Accounting Policies**

The financial statements of DeKalb County Regional Office of Education #16 (the ROE) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The more significant accounting policies established by GAAP and used by the ROE are discussed below.

a. Reporting Entity

The DeKalb County Regional Office of Education No. 16 was created when an Educational Service Region became a Regional Office of Education on August 7, 1995. The DeKalb County Regional Office of Education No. 16 operates under the School Code (1051LCS 5/3 and 5/3A). The Regional Office of Education encompasses DeKalb County, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of DeKalb County Regional Office of Education No. 16 and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The functions of the DeKalb County Regional Office of Education No. 16 include, but are not limited to the following:

- Processing teachers' certificates
- Teaching initial and refresher classes for school bus drivers within DeKalb County Regional Office of Education No. 16
- Review life/safety requirements for schools in conjunction with the State of Illinois
- Issuing newsletters regarding new Illinois life/safety requirements
- Monitoring compliance with State laws and Department of Education policies and procedures
- 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

b. Scope of the Reporting Entity

The ROE includes all related organizations for which it exercises oversight responsibility.

The ROE has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the ROE, including districts or joint agreements, which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the ROE exercises oversight responsibility

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

(which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The Regional Superintendent has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the Regional Superintendent's financial statements. In addition, the ROE is not aware of any entity, which would exercise such oversight as to result in the ROE being considered a component unit of the entity.

c. New Accounting Pronouncement

For the year ended June 30, 2013, the ROE implemented the following GASB Statements:

- Number 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard had no impact on the financial reporting of the ROE for the year ended June 30, 2013.
- Number 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This standard had no impact on the financial reporting of the ROE for the year ended June 30, 2013.
- Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard had no quantitative impact on the financial reporting of the ROE for the year ended June 30, 2013.

d. Basic Financial Statements

The ROE's basic financial statements include both government-wide financial statements (reporting the ROE as a whole) and fund financial statements (reporting the ROE's major and other funds).

**Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the ROE as a whole. They include all funds of the ROE. Fiduciary funds are excluded from the government-wide financial statements. The Statement of Net Position and the Statement of Activities include the governmental activities. Governmental activities for the ROE include programs supported primarily by state and federal grants and other intergovernmental revenues. Internal balances and activities within the ROE's governmental funds are eliminated in the government-wide financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting (as described in Note 1.e).

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**Fund Financial Statements**

Fund financial statements of the ROE are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. The ROE's funds are organized into two major categories: governmental and fiduciary funds. An emphasis is placed on major funds within the fund financial statements. A fund is considered major if it is the primary operating fund of the ROE or meets the following criteria:

1. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.
2. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting (as described in Note 1.e)

*Governmental Funds*

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the ROE:

*General Fund* – The General Fund is the main operating fund of the ROE and is always classified as a major fund. It is used to account for all financial resources in the ROE except those required to be accounted for and reported in another fund.

*Special Revenue Funds* – Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes. The ROE maintains three major special revenue funds and two non-major special revenue funds.

The Major Special Revenue Funds are:

Institute Fund – The Institute Fund is used to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

General Educational Development Fund – The General Educational Development Fund is used to account for the administration of the general educational development testing program. Revenues are received from testing and diploma fees and are restricted for supplies and materials to support general educational development program.

Education Fund – The Education 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.

*Fiduciary Funds*

Agency Funds – Agency funds consist of funds received from the State Board of Education, individuals, private organizations, and/or other governments, and distributed by the ROE to school districts and other organizations. These funds are custodial in nature and do not involve the measurement of the results of operations. The ROE has four agency funds.

e. Basis of Accounting

*Accrual*

Governmental activities in the government-wide financial statements and the fiduciary fund financial statement are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

*Modified Accrual*

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it becomes both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The ROE considers receipts within 60 days of year end to be available. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements. Expenditures generally are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is expenditures for other long-term obligations, which are recognized when payment is due.

Various grants are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period if applicable to the fiscal year and collected within 60 days of fiscal year end. All other revenue items are considered to be measured and available when cash is received by the ROE.

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

f. Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered cash equivalents.

g. Receivables – Net of Allowances

The carrying amount of grants receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will be collected. The allowance is based on management's assessment of collectability of receivables. All receivables deemed to be uncollectible are written off to the allowance. The total allowance as of June 30, 2013 was \$0.

h. Net Position

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

- Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that does not meet the definition of "restricted."

i. Restricted Net Position

Assets that are not available to finance general operations of the ROE are reported as restricted on the Statement of Net Position. Under the terms of grant agreements, the ROE funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program.

It is the ROEs policy to first apply restricted funds, then unrestricted funds.

j. Fund Balance

The components of fund balance indicate the extent to which there are constraints on the specific purposes for which amounts in the fund can be spent. The fund balance classifications are as follows:

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

- Non-Spendable – The portion of a Governmental Fund’s fund balance that is 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.
- Restricted – The portion of fund balance that is subject to external enforceable legal restrictions.

The fund balance of the following sub-funds (accounts) in the Education Fund are restricted by grant agreements or contracts:

- Education Fund:
  - General State Aid
  - Alternative Education

The following funds are restricted by Illinois Statute:

- Institute
- General Education Development
- Bus Permit
- Committed – 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 – 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.

A portion of the fund balance of the following fund is comprised of assigned fund balance:

- General Fund
  - Fingerprinting

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

- Unassigned – Available expendable financial resources in a governmental fund that are not designated for a specific purpose.

The fund balance of the following funds includes unassigned fund balance:

- General Fund
  - General
- Supervisory (due to the deficit fund balance)

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the ROE considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the ROE considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the ROE has provided otherwise in its commitment or assignment actions.

k. Program Revenues

Program Revenues on the Statement of Activities include the following:

*Governmental Activities:*

Operating Grants                      Grants used to support education programs

1. On August 7, 1992, DeKalb County Regional Office of Education No. 16 entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110. The name of the educational service delivery system formed is known as the Kishwaukee Intermediate Delivery System (KIDS). Membership in KIDS is made up of the following Regional Offices of Education: Boone-Winnebago, DeKalb, and McHenry. The Boone-Winnebago Regional Office of Education is the designated administrative agent for KIDS.
- m. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**2. Description of Funds**

Following is more detailed information about the General Fund, Institute Fund, General Educational Development Fund, Education Fund, non-major funds, and the ROE's agency funds:

The General Fund is the operating fund of the ROE. It is used to account for all financial resources in the ROE except those required to be accounted and reported for in other funds. The General Fund includes the following sub-funds (accounts):

- General – This fund accounts for monies received for, and payment of, expenditures in connection with general administration activities.
- General State Aid Operations – This fund accounts for monies received for, and payment of, expenditures for general operations of alternative schools in the region.
- Fingerprinting – This fund is used to account for the administration of the Fingerprinting Program. Revenues are received from member school districts and private entities and are assigned by the Regional Superintendent's internal policy to fingerprinting related expenses.

Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes. The following are the ROE's major special revenue funds:

- Institute Fund – This fund is used to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.
- General Educational Development Fund – This fund is used to account for the administration of the general educational development testing program. Revenues are received from testing and diploma fees and are restricted for supplies and materials to support the general educational development program.

The Education Fund is used to account for various grants supporting education enhancement programs and is a major special revenue fund. The following is a brief description of each sub-fund (account) in the Education Fund:

- Early Childhood Grant – This fund is used to account for grant monies received for, and payment of, expenditures for developing and operating programs for parents of young children.

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

- Regional Safe Schools Grant – This fund is used to account for a grant that provides additional staff and materials for the alternative schools in the region.
- General State Aid – This fund is used to account for monies received for, and payment of, expenditures for general operations of alternative schools in the region.
- ROE/ISC Operation – This fund is used to account for monies received for the administration of the ROE/ISC Operation program.
- Alternative Education – This fund is used to account for a grant that provides for funding for the alternative schools within the region.
- Children and Family Services – This fund is used to provide on-line classes for middle school students to ensure they pass all of the required classes to graduate middle school and attend high school.
- McKinney Education for Homeless Children – This fund is used to account for grant monies received for, and payment of, expenditures for programs for educating homeless children.
- Community Works – This fund is used to provide workshops for workforce development.
- Title II Teacher Quality – Leadership Grant – This fund accounts for grant money received for and expenditures incurred in, providing training and professional development for the improvement of teacher preparation programs.

The following is a brief description of each non-major special revenue fund used to account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes:

- Bus Permit – This fund is used to account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.
- Supervisory – This fund is used to account for monies from the State of Illinois for expenditures incurred providing supervisory services in DeKalb County.

The following is a brief description of the ROE's agency funds, which are used to account for assets held by DeKalb County Regional Office of Education #16 as an agent for individuals, private organizations, and/or other governments:

- Distributive Fund – The ROE received state and federal funds from the State Board of Education, which it distributes to school districts and other organizations.

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

- Scholarship – The source of this account is a bequest. Funds are to be used for scholarships.
- Board of Trustees – The source of this account is from the petitions of citizens wishing to change school districts.
- Outreach Workers – The source of this fund is local school districts in DeKalb County. Funds are collected from the local school districts then paid to DeKalb County to help fund a Truancy Outreach Worker in DeKalb County.

**3. Budgetary Information**

The ROE acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have budgets that are required to be reported to and approved by the Illinois State Board of Education. However, none of the annual budgets have been legally adopted nor are they required to be. Comparison of budgeted and actual results is presented as supplementary information. Budgetary comparison schedules have been provided in the supplementary schedules for the following funds: Early Childhood Grant, Regional Safe Schools Grant, ROE/ISC Operations, Alternative Education, and Title II – Teacher Quality.

**4. Deposits and Investments**

*Custodial Credit Risk – Bank Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the ROE's deposits may not be returned to it. The ROE does not have a deposit policy for custodial credit risk. At June 30, 2013, the carrying amount of the ROE's deposits was \$332,714 (including (\$684) of fiduciary funds' cash) and the bank balance was \$361,699. Of the total bank balances, \$102,064 was uninsured and uncollateralized.

The ROE does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund and are considered cash equivalents. As of June 30, 2013, the ROE had \$7,255 in the Illinois Funds Money Market Fund. The fair value of the ROE's position in this fund is equal to the value of the ROE's fund shares. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has AAAM ratings from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

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Notes to the Financial Statements  
For the Year Ended June 30, 2013

**5. Due to/From Other Governmental Unit**

At June 30, 2013, Grants Receivable and Due to/From Other Governmental Unit consisted of the following:

Education Fund	
Grants Receivable:	
Illinois State Board of Education	\$ 31,258
Due to Other Governmental Agencies:	
Illinois State Board of Education	\$ 17,033
Agency Funds	
Due from Other Governmental Agencies:	
Illinois State Board of Education	\$ 40,560
Due to Other Governmental Agencies:	
Kishwaukee Education Consortium	\$ 39,650
Other Local Education Agencies	1,300
Total	\$ 40,950

**6. Property and Equipment**

Capital assets are acquired using the governmental resources of DeKalb County, therefore, the existing balance of capital assets is not presented.

**7. Interfund Receivables and Payables**

Interfund Receivables and Payables as of June 30, 2013 are summarized below:

	Due To	Due From
Governmental Funds:		
Education	\$ 3,325	\$ -
Non-Major	416	-
General	-	541
Institute	-	3,200
Total All Funds	\$ 3,741	\$ 3,741

**8. Restricted, Assigned, Unassigned, and Deficit Fund Balance**

a. Restricted, Assigned, and Unassigned

As of June 30, 2013, restricted, assigned, and unassigned fund balance consisted of the following:

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

	General Fund	Institute Fund	General Educational Development	Education Fund	Non-Major Governmental Funds	Total Governmental Funds
Restricted:						
Educational Purposes	\$ -	\$ 71,700	51,490	\$ 1,346	\$ 12,770	\$ 137,306
Assigned	87,078	-	-	-	-	87,078
Unassigned	11,833	-	-	-	(416)	11,417
	<u>\$ 98,911</u>	<u>\$ 71,700</u>	<u>\$ 51,490</u>	<u>\$ 1,346</u>	<u>\$ 12,354</u>	<u>\$ 235,801</u>

b. Deficit Fund Balance

Deficit fund balances at June 30, 2013 are as follows:

➤ Supervisory \$ 416

The deficit fund balance is temporary and is expected to be corrected with local funds in the next fiscal year.

**9. Disposition of Distributive Fund Interest**

Revenues are partially derived from interest on deposits of the various funds under the jurisdiction of DeKalb County Regional Office of Education #16. A substantial portion of these interest earnings have been earned on monies which are passed through from the Illinois State Board of Education to the various school districts within the County of DeKalb.

Illinois Compiled Statutes require that interest earned by a public agency on investments of funds held for, but owned by, another public agency shall be credited to the public agency for which the investment is made, i.e. the owner of the funds.

Per an intergovernmental agreement between Regional Office of Education #16 and the school districts, 80 percent of Distributive Fund interest earned is remitted to the school districts and 20 percent is retained by the ROE.

**10. On-Behalf Payments**

Salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. All other salaries are paid by DeKalb County. Pension plan contributions associated with these salaries are also paid, respectively, by the State of Illinois and DeKalb County.

The State of Illinois and DeKalb County made the following expenditure payments on behalf of the ROE for the year ended June 30, 2013:

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

Regional Superintendent Salary	\$ 107,640
Regional Superintendent TRS	30,193
Regional Superintendent Fringe Benefits (Includes State Paid Insurance)	37,253
Assistant Regional Superintendent Salary	88,814
Assistant Regional Superintendent TRS	24,912
Assistant Regional Superintendent Fringe Benefits (Includes State Paid Insurance)	35,041
Total State of Illinois On-Behalf Payments	323,853
County Employees - Salaries	49,179
County Employees - Benefits	16,616
Total DeKalb County On-Behalf Payments	65,795
Total On-Behalf Payments	\$ 389,648

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent were calculated based on data provided by the Illinois State Board of Education. Salary and benefit data for the County employees was calculated based on data provided by the DeKalb County Regional Office of Education #16.

**11. Economic Dependence**

Approximately 51 percent or \$530,596 of the ROE's operating revenue for the year ended June 30, 2013 was earned from one State of Illinois agency. One hundred percent of grants receivable at June 30, 2013 was also from the same State of Illinois agency.

**12. Risk Management**

The ROE purchases a commercial insurance policy and is covered for all risk. There have been no significant reductions in coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for any of the three prior years.

**13. Retirement Plan**

As previously mentioned, salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. All certified personnel participate in the Teachers' Retirement System of the State of Illinois and others participate in the Illinois Municipal Retirement Fund with the contributions being paid by the County of DeKalb. Information about the IMRF retirement plan can be found in the basic financial statements and note disclosures of DeKalb County.

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
For the Year Ended June 30, 2013

**14. Prior Period Adjustment**

The accompanying financial statements include prior period adjustments to correct errors made in the year ended June 30, 2012. The adjustments were made to:

- Record an account payable and expense/expenditure for Fiscal Year 2012 for a transaction that occurred in Fiscal Year 2012, but was recorded in Fiscal Year 2013. The effect of this restatement was to decrease net position and the change in net position of the governmental activities by \$4,272, and decrease fund balance and change in fund balance of the Institute Fund by \$4,272 as of and for the year ended June 30, 2012, respectively.
- Present the Fingerprinting Fund as part of the General Fund as the Fingerprinting Fund does not qualify as a special revenue fund because that Fund's only source of revenue is not restricted or committed. This restatement had no impact on the total net position or change in net position of the ROE or the fund balance or change in fund balance of the governmental funds as of and for the year ended June 30, 2012.

**15. Related Party Transactions**

The ROE is a member in the Kishwaukee Intermediate Delivery System (KIDS) under an intergovernmental agreement with two other regional offices of education. The Regional Superintendent and Assistant Regional Superintendent of the ROE both serve on the Executive Board of KIDS with voting rights. During fiscal year 2013, the ROE incurred expenditures of \$29,859 for professional development related services provided by KIDS pursuant to the intergovernmental agreement. As of June 30, 2013, \$2,491 was due to KIDS from the ROE and this amount is included in accounts payable.

**16. Future Adoption of Accounting Pronouncement**

The ROE will adopt the requirements of the following Government Accounting Standards Board (GASB) Statements in Fiscal Year 2014:

- Number 65, *Items Previously Reported as Assets and Liabilities*.
- Number 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*.
- Number 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*.
- Number 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

REGIONAL OFFICE OF EDUCATION #16  
Notes to the Financial Statements  
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As of the date of the auditors' report, the ROE has not completed the process of evaluating the impact that will result from adopting these GASB Statements. The ROE is therefore unable to disclose the impact that adopting these GASB Statements will have on its financial position and the results of its operations when the statements are adopted.

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Combining Schedule of Accounts

General Fund Accounts

June 30, 2013

	<u>General</u>	<u>General State Aid Operations</u>	<u>Fingerprinting</u>	<u>Combined Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 11,292	\$ -	\$ 90,614	\$ 101,906
Due from Other Funds	541	-	-	541
Total Assets	<u>\$ 11,833</u>	<u>\$ -</u>	<u>\$ 90,614</u>	<u>\$ 102,447</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 3,536	\$ 3,536
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,536</u>	<u>3,536</u>
Fund Balances:				
Assigned	-	-	87,078	87,078
Unassigned	11,833	-	-	11,833
Total Fund Balances	<u>11,833</u>	<u>-</u>	<u>87,078</u>	<u>98,911</u>
Total Liabilities and Fund Balances	<u>\$ 11,833</u>	<u>\$ -</u>	<u>\$ 90,614</u>	<u>\$ 102,447</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances

General Fund Accounts

For the Year Ended June 30, 2013

	General	General State Aid Operations	Fingerprinting	Combined Total
<b>Revenues</b>				
Local Sources	\$ 3,878	\$ -	\$ 40,132	\$ 44,010
State Sources	-	191,626	-	191,626
On Behalf Payments	389,648	-	-	389,648
Interest Income	57	-	-	57
Total Revenues	<u>393,583</u>	<u>191,626</u>	<u>40,132</u>	<u>625,341</u>
<b>Expenditures</b>				
Instructional Services:				
Purchased Services	5,347	191,626	22,215	219,188
Administrative:				
On-Behalf Payments	389,648	-	-	389,648
Total Expenditures	<u>394,995</u>	<u>191,626</u>	<u>22,215</u>	<u>608,836</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,412)</u>	<u>-</u>	<u>17,917</u>	<u>16,505</u>
<b>Fund Balance, Beginning of Year, As Previously Reported</b>	13,245	-	-	13,245
<b>Prior Period Adjustment</b>	<u>-</u>	<u>-</u>	<u>69,161</u>	<u>69,161</u>
<b>Fund Balance, Beginning of Year, As Restated</b>	<u>13,245</u>	<u>-</u>	<u>69,161</u>	<u>82,406</u>
<b>Fund Balance, End of Year</b>	<u>\$ 11,833</u>	<u>\$ -</u>	<u>\$ 87,078</u>	<u>\$ 98,911</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Combining Schedule of Accounts

Education Fund Accounts

June 30, 2013

	Early Childhood Grant	Regional Safe Schools Grant	General State Aid	ROE/ISC Operation	Alternative Education	Children and Family Service Grant	McKinney Education for Homeless Children Grant	Community Works	Title II - Teacher Quality	Combined Total
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ 24,586	\$ -	\$ 23	\$ -	\$ 62,963	\$ 7,486	\$ 8,153	\$ -	\$ -	\$ 103,211
Due from Other Funds	-	-	-	-	-	-	-	-	-	-
Grants Receivable	8,709	6,106	-	2,491	8,492	-	-	-	5,460	31,258
Total Assets	<u>\$ 33,295</u>	<u>\$ 6,106</u>	<u>\$ 23</u>	<u>\$ 2,491</u>	<u>\$ 71,455</u>	<u>\$ 7,486</u>	<u>\$ 8,153</u>	<u>\$ -</u>	<u>\$ 5,460</u>	<u>\$ 134,469</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts Payable	\$ 33,295	\$ 6,106	\$ -	\$ 2,491	\$ 52,974	\$ -	\$ 3,822	\$ -	\$ 2,260	\$ 100,948
Due to Other Funds	-	-	-	-	125	-	-	-	3,200	3,325
Due to Other Governmental Agencies	-	-	-	-	17,033	-	-	-	-	17,033
Unearned Revenue	-	-	-	-	-	7,486	4,331	-	-	11,817
Total Liabilities	<u>33,295</u>	<u>6,106</u>	<u>-</u>	<u>2,491</u>	<u>70,132</u>	<u>7,486</u>	<u>8,153</u>	<u>-</u>	<u>5,460</u>	<u>133,123</u>
Fund Balances:										
Restricted	-	-	23	-	1,323	-	-	-	-	1,346
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>23</u>	<u>-</u>	<u>1,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,346</u>
Total Liabilities and Fund Balances	<u>\$ 33,295</u>	<u>\$ 6,106</u>	<u>\$ 23</u>	<u>\$ 2,491</u>	<u>\$ 71,455</u>	<u>\$ 7,486</u>	<u>\$ 8,153</u>	<u>\$ -</u>	<u>\$ 5,460</u>	<u>\$ 134,469</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Combining Schedule of Revenues, Expenditures, and  
Changes in Fund Balances

Education Fund Accounts

For the Year Ended June 30, 2013

	Early Childhood Grant	Regional Safe Schools Grant	General State Aid	ROE/ISC Operations	Alternative Education	Children and Family Service Grant	McKinney Education for Homeless Children Grant	Community Works	Title II - Teacher Quality	Combined Total
<b>Revenues</b>										
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000
State Sources	143,932	73,316	-	29,859	86,403	-	-	-	-	333,510
Federal Sources	-	-	-	-	-	-	24,782	-	5,460	30,242
Total Revenues	<u>143,932</u>	<u>73,316</u>	<u>-</u>	<u>29,859</u>	<u>87,403</u>	<u>-</u>	<u>24,782</u>	<u>-</u>	<u>5,460</u>	<u>364,752</u>
<b>Expenditures</b>										
Instructional Services:										
Salaries and Benefits	-	-	-	-	76,848	-	7,644	-	-	84,492
Purchased Services	143,932	-	-	-	5,600	-	5,342	(180)	5,200	159,894
Supplies and Materials	-	-	-	-	1,555	-	11,796	-	260	13,611
Payment to Other Government Units	-	73,316	-	29,859	2,400	-	-	-	-	105,575
Total Expenditures	<u>143,932</u>	<u>73,316</u>	<u>-</u>	<u>29,859</u>	<u>86,403</u>	<u>-</u>	<u>24,782</u>	<u>(180)</u>	<u>5,460</u>	<u>363,572</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	1,000	-	-	180	-	1,180
<b>Fund Balance (Deficit), Beginning of Year</b>	-	-	23	-	323	-	-	(180)	-	166
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 1,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,346</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Budgetary Comparison Schedule  
Education Fund Account

Early Childhood Grant

For the Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Local Sources	\$ -	\$ -	\$ -
State Sources	147,516	143,932	(3,584)
Federal Sources	-	-	-
Total Revenues	147,516	143,932	(3,584)
<b>Expenditures</b>			
Instructional Services:			
Salaries and Benefits	-	-	-
Purchased Services	147,516	143,932	3,584
Supplies and Materials	-	-	-
Payment to Other Government Units	-	-	-
Total Expenditures	147,516	143,932	3,584
<b>Net Change in Fund Balance</b>	\$ -	-	\$ -
<b>Fund Balance, Beginning of Year</b>		-	
<b>Fund Balance, End of Year</b>		\$ -	

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DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Budgetary Comparison Schedule  
Education Fund Account

Regional Safe Schools Grant

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Local Sources	\$ -	\$ -	\$ -
State Sources	73,316	73,316	-
Federal Sources	-	-	-
Total Revenues	<u>73,316</u>	<u>73,316</u>	<u>-</u>
<b>Expenditures</b>			
Instructional Services:			
Salaries and Benefits	-	-	-
Purchased Services	-	-	-
Supplies and Materials	-	-	-
Payment to Other Government Units	73,316	73,316	-
Total Expenditures	<u>73,316</u>	<u>73,316</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance, Beginning of Year</b>		<u>-</u>	
<b>Fund Balance, End of Year</b>		<u>\$ -</u>	

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DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Budgetary Comparison Schedule  
Education Fund Account

ROE/ISC Operations

For the Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Local Sources	\$ -	\$ -	\$ -
State Sources	29,859	29,859	-
Federal Sources	-	-	-
Total Revenues	29,859	29,859	-
<b>Expenditures</b>			
Instructional Services:			
Purchased Services	-	-	-
Supplies and Materials	-	-	-
Payment to Other Government Units	29,859	29,859	-
Total Expenditures	29,859	29,859	-
<b>Net Change in Fund Balance</b>	\$ -	-	\$ -
<b>Fund Balance, Beginning of Year</b>		-	
<b>Fund Balance, End of Year</b>		\$ -	

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Budgetary Comparison Schedule  
Education Fund Account

Alternative Education

For the Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Local Sources	\$ -	\$ 1,000	\$ 1,000
State Sources	86,567	86,403	(164)
Federal Sources	-	-	-
Total Revenues	86,567	87,403	836
<b>Expenditures</b>			
Instructional Services:			
Salaries and Benefits	77,012	76,848	164
Purchased Services	6,000	5,600	400
Supplies and Materials	1,555	1,555	-
Payment to Other Government Units	2,000	2,400	(400)
Total Expenditures	86,567	86,403	164
<b>Net Change in Fund Balance</b>	\$ -	1,000	\$ 1,000
<b>Fund Balance, Beginning of Year</b>		323	
<b>Fund Balance, End of Year</b>		\$ 1,323	

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DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Budgetary Comparison Schedule  
Education Fund Account

Title II - Teacher Quality

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Local Sources	\$ -	\$ -	\$ -
State Sources	-	-	-
Federal Sources	5,985	5,460	(525)
Total Revenues	<u>5,985</u>	<u>5,460</u>	<u>(525)</u>
<b>Expenditures</b>			
Instructional Services:			
Salaries and Benefits	-	-	-
Purchased Services	5,700	5,200	500
Supplies and Materials	285	260	25
Payment to Other Government Units	-	-	-
Total Expenditures	<u>5,985</u>	<u>5,460</u>	<u>525</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance, Beginning of Year</b>		<u>-</u>	
<b>Fund Balance, End of Year</b>		<u>\$ -</u>	

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Combining Balance Sheet

Non-Major Special Revenue Funds

June 30, 2013

	<u>Bus Permit</u>	<u>Supervisory</u>	<u>Combined Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	<u>\$ 12,883</u>	<u>\$ -</u>	<u>\$ 12,883</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 113	\$ -	\$ 113
Due to Other Funds	<u>-</u>	<u>416</u>	<u>416</u>
Total Liabilities	<u>113</u>	<u>416</u>	<u>529</u>
Fund Balances:			
Restricted	12,770	-	12,770
Unassigned	<u>-</u>	<u>(416)</u>	<u>(416)</u>
Total Fund Balances	<u>12,770</u>	<u>(416)</u>	<u>12,354</u>
Total Liabilities and Fund Balances	<u>\$ 12,883</u>	<u>\$ -</u>	<u>\$ 12,883</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Non-Major Special Revenue Funds

For the Year Ended June 30, 2013

	Bus Permit	Supervisory	Combined Total
<b>Revenues</b>			
Local Sources	\$ 3,352	\$ -	\$ 3,352
State Sources	960	-	960
Total Revenues	4,312	-	4,312
<b>Expenditures</b>			
Instructional Services:			
Salaries and Benefits	-	-	-
Purchased Services	2,587	-	2,587
Supplies and Materials	-	-	-
Payment to Other Government Units	-	-	-
Total Expenditures	2,587	-	2,587
Excess (Deficiency) of Revenues over Expenditures	1,725	-	1,725
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Net Other Financing Sources (Uses)	-	-	-
<b>Net Change in Fund Balance</b>	1,725	-	1,725
<b>Fund Balance (Deficit), Beginning of Year</b>	11,045	(416)	10,629
<b>Fund Balance (Deficit), End of Year</b>	\$ 12,770	\$ (416)	\$ 12,354

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Combining Statement of Fiduciary Net Position

Agency Funds

June 30, 2013

	<u>Distributive</u>	<u>Scholarship</u>	<u>Board of Trustees</u>	<u>Outreach Workers</u>	<u>Combined Total</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 254	\$ -	\$ 136	\$ (1,074)	\$ (684)
Due from Others	-	-	-	1,074	1,074
Due from Other Governmental Agencies	40,560	-	-	-	40,560
Total Assets	<u>\$ 40,814</u>	<u>\$ -</u>	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ 40,950</u>
<b>LIABILITIES</b>					
Liabilities:					
Due to Future Scholarships	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Governmental Agencies	40,814	-	136	-	40,950
Total Liabilities	<u>\$ 40,814</u>	<u>\$ -</u>	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ 40,950</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b><u>Distributive</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 254	\$ 521,776	\$ 521,776	\$ 254
Due from Other Governmental Agencies	110,524	40,560	110,524	40,560
Total Assets	<u>\$ 110,778</u>	<u>\$ 562,336</u>	<u>\$ 632,300</u>	<u>\$ 40,814</u>
<b>LIABILITIES</b>				
Due to Other Governmental Agencies	<u>\$ 110,778</u>	<u>\$ 562,336</u>	<u>\$ 632,300</u>	<u>\$ 40,814</u>
<b><u>Scholarship</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	<u>\$ 2,082</u>	<u>\$ -</u>	<u>\$ 2,082</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to Future Scholarships	<u>\$ 2,082</u>	<u>\$ -</u>	<u>\$ 2,082</u>	<u>\$ -</u>
<b><u>Board of Trustees</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136</u>
<b>LIABILITIES</b>				
Due to Other Governmental Agencies	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
REGIONAL OFFICE OF EDUCATION #16

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013
<b><u>Outreach Workers</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ (1,074)	\$ -	\$ -	\$ (1,074)
Due from Others	1,074	-	-	1,074
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to Other Governmental Agencies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <b><u>Totals</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,398	\$ 521,776	\$ 523,858	\$ (684)
Due from Others	1,074	-	-	1,074
Due from Other Governmental Agencies	110,524	40,560	110,524	40,560
Total Assets	<u>\$ 112,996</u>	<u>\$ 562,336</u>	<u>\$ 634,382</u>	<u>\$ 40,950</u>
<b>LIABILITIES</b>				
Due to Future Scholarships	\$ 2,082	\$ -	\$ 2,082	\$ -
Due to Other Governmental Agencies	110,914	562,336	632,300	40,950
Total Liabilities	<u>\$ 112,996</u>	<u>\$ 562,336</u>	<u>\$ 634,382</u>	<u>\$ 40,950</u>

See Accompanying Independent Auditors' Report

DEKALB COUNTY  
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Schedule of Disbursements to Other Entities

Distributive Fund

For the Year Ended June 30, 2013

	Kishwaukee Education Consortium
Career and Technical Ed Improvement	\$ 389,411
V.E. Perkins Title IIC - Secondary	132,365
Total	<u>\$ 521,776</u>

See Accompanying Independent Auditors' Report