

**State of Illinois
DEWITT, LIVINGSTON, AND
MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
FINANCIAL AUDIT
For the Year Ended June 30, 2013**

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17**

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REGIONAL OFFICE OF EDUCATION #17**

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REGIONAL OFFICE OF EDUCATION #17**

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**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17**

OFFICIALS

Regional Superintendent
(During the Audit Period and Current)

Mr. Mark Jontry

Assistant Regional Superintendent
(During the Audit Period and Current)

Ms. Diane Wolf

Office is located at:

200 W. Front Street, Suite 500 D
Bloomington, Illinois 61701

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17**

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	3	6
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	4	0

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

SUMMARY OF FINDINGS AND RESPONSES

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

2013-001	11	Controls Over Financial Statement Preparation	Material Weakness
2013-002	13	Lack of Formal Policies	Significant Deficiency
2013-003	15	Uncollateralized Deposits	Material Weakness

FINDINGS AND RESPONSES (FEDERAL COMPLIANCE)

None

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

12-2	20	Inadequate Internal Controls Over Cash	Material Weakness
12-3	20	Inadequate Internal Controls Over Capital Assets	Material Weakness
12-5	20	Inadequate Internal Controls Over Disbursements	Significant Deficiency
12-6	20	Inadequate Internal Controls Over Payroll	Significant Deficiency

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17**

FINANCIAL REPORT SUMMARY

EXIT CONFERENCE

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2013. Throughout the audit, numerous meetings were held between auditors and ROE officials to discuss the matters contained in this audit report. Responses to the recommendations were provided by Honorable Mr. Mark Jontry, Regional Superintendent, on May 29, 2014.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17 was performed by Winkel, Parker & Foster, CPA PC.

Based on their audit, the auditors expressed an unmodified opinion on the DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress - Illinois Municipal Retirement Fund and Schedule of Funding Progress - Other Postemployment Benefits on pages 22 through 36, 74 and 75 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities 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 June 9, 2014 on our consideration of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's internal control over financial reporting and compliance.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
June 9, 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 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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic financial statements, and have issued our report thereon dated June 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's internal control. Accordingly, we do not express an opinion on the effectiveness of DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 2013-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 #17's Responses to Findings

DeWitt, Livingston, and McLean Counties Regional Office of Education #17's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeWitt, Livingston, and McLean Counties Regional Office of Education #17's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
June 9, 2014

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

Section I: Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: _____ Unmodified _____

Internal control over financial reporting:

- Material weakness(es) identified? x yes no
- Significant deficiency(ies) identified? x yes none reported

Noncompliance material to
financial statements noted? yes x no

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

Section II: Financial Statement Findings:

FINDING NO. 2013-001 - Controls Over Financial Statement Preparation (Repeat of findings 2012 - No. 12-1, 2011 - No. 11-1, 2010 - No. 10-1, 2009 - No. 09-1, 2008 - No. 08-1, and 2007 - No. 07-1)

Criteria/Specific Requirement:

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office of Education #17'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 #17 does not have sufficient internal controls over the financial reporting process. While the Regional Office of Education #17 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #17's financial information prepared by the Regional Office of Education #17, it was noted that the Regional Office of Education #17 did not have adequate controls over the maintenance of records of accounts payable. While the Regional Office of Education #17 did maintain records to indicate the balances of accounts payable, a material audit adjustment was proposed in order to ensure financial statement balances were materially accurate.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

Section II: Financial Statement Findings:

FINDING NO. 2013-001 - Controls Over Financial Statement Preparation (Repeat of findings 2012 - No. 12-1, 2011 - No. 11-1, 2010 - No. 10-1, 2009 - No. 09-1, 2008 - No. 08-1, and 2007 - No. 07-1) (Continued)

Effect:

The Regional Office of Education #17's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

Cause:

Management did not effectively detect all of the material adjustments needed in order to present financial statements in accordance with GAAP.

Recommendation:

As part of internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #17 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education #17's activities and operations.

Management's Response:

The Regional Office of Education understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. The Regional Office of Education will continue to seek qualified accounting expertise in developing procedures that will satisfy the pronouncements in financial statement preparation.

The Regional Office of Education will continue to provide training for staff in utilizing the full range of financial technology that exists.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

Section II: Financial Statement Findings:

FINDING NO. 2013-002 - Lack of Formal Policies (Repeat of finding 2012 - No. 12-4)

Criteria/Specific Requirement:

Adequate internal controls should ensure that expenses incurred by the Regional Office of Education #17 are adequately documented, incurred for a business purpose, and represent an economical and effective use of Regional Office of Education #17 resources.

Condition:

The Regional Office of Education #17 did not have formal policies in place addressing allowable expenses and travel reimbursements for much of the period under audit. Policies were developed during the fiscal year. A fiscal policy manual was adopted in May 2013 and the employee handbook was updated in June 2013. Prior to release of the policies, expenses were being approved by either the Regional Superintendent or Assistant Regional Superintendent, but there was no adopted policy on what was allowable to ensure consistency for all reimbursement requests.

The Regional Office of Education #17 had policies regarding cell phone use, but it did not have formal policies in place regarding the purchase of cell phones, charges and reimbursements for the period under audit. Cell phone plans were being paid by the Regional Office of Education #17, which at times included charges beyond base plan expenses. Policies were updated effective July 2014. The new policy sets a flat monthly amount of reimbursement for employees and the cell phone plans are no longer in the name of and paid directly by the Regional Office of Education #17.

The Regional Office of Education #17 has established policies for teachers in the area to receive graduate credit assistance through a partnership with Lindenwood University. Additionally, the Regional Office of Education #17 has established educational assistance policies in regards to Regional Office of Education #17 employees working under the Regional Alternative School program. However, the Regional Office of Education #17 did not have formal educational assistance policies in place for all other employees for much of the period under audit. Policies were updated during the year and included in the new employee handbook dated June 2013. The new policy states the requirements and conditions for tuition reimbursement.

Effect:

Lack of formal policies increases the susceptibility of the Regional Office of Education #17 paying unallowable expenses, expenses for which business use is not documented, expenses in excess of intended amounts, or reimbursements for employees who are not meeting expected achievements.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

Section II: Financial Statement Findings:

FINDING NO. 2013-002 - Lack of Formal Policies (Repeat of finding 2012 - No. 12-4)
(Continued)

Cause:

The Regional Office of Education #17 did not have adequate formal policies in place to address employee reimbursements, travel expenses, cell phone purchases and charges, and educational assistance for most of the fiscal year under audit.

Recommendation:

The Regional Office of Education #17 should ensure the formal policy established for employee reimbursements and travel expenses outlines the allowable types and amounts of expenses that will be reimbursed and requires that each transaction has adequate documentation showing the business purpose of the expense. The policy should be uniformly enforced and reviewed on a regular basis.

The Regional Office of Education #17 should ensure the formal policy established addresses employee cell phone purchases, charges and reimbursements. The policy should be reviewed on a regular basis.

The Regional Office of Education #17 should ensure the established policy for employee educational assistance addresses employee eligibility requirements, the amount of monetary assistance to be provided, types of courses or programs that are considered appropriate for reimbursement, and the expected reimbursement period. This policy should address all employees of the Regional Office of Education #17 and be reviewed on a regular basis.

Management's Response:

The Regional Office of Education updated the Employee Handbook in June 2013 and adopted a Fiscal Policy Manual in May 2013 establishing a formal set of policy and procedures for business operations, of which addressed the above mentioned items. The Regional Office of Education will continue to review and update as needed the Employee Handbook and Fiscal Policy Manual on an annual basis.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

Section II: Financial Statement Findings:

FINDING NO. 2013-003 - Uncollateralized Deposits

Criteria/Specific Requirement:

DeWitt, Livingston and McLean Counties Regional Office of Education #17 is required to follow the Illinois Public Funds Investment Act (30 ILCS 235/1 et. seq.) (Act). The Act gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #17's name. In addition, prudent business practice requires that all cash and investments held by the financial institutions for the Regional Office of Education #17 be adequately covered by depository insurance or collateral.

Condition:

The Regional Office of Education #17 did not obtain sufficient collateral for its deposits at one of the financial institutions utilized by the Regional Office of Education #17. As of June 30, 2013, the Regional Office of Education #17's deposits exceeded the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC) by \$1,238,836.

Effect:

Failure to secure full collateral on cash and investment balances may result in monetary losses to the Regional Office of Education #17 in the event the financial institution failed.

Cause:

Collateralization of deposits in excess of FDIC insurance was overlooked by the Regional Office of Education #17 when changing financial institutions for its operating account.

Recommendation:

The Regional Office of Education #17 should obtain pledged collateral for all its deposits exceeding FDIC insurance coverage from the financial institutions utilized by the Regional Office of Education #17.

Management's Response:

The Regional Office of Education is currently working with Commerce Bank to obtain sufficient collateralization of deposits in excess of FDIC insurance.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

Section III: Federal Award Findings:

Not Applicable

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2013**

FINDING NO. 2013-001 - Controls Over Financial Statement Preparation (Repeat from 2012 - No. 12-1, 2011 - No. 11-1, 2010 - No. 10-1, 2009 - No. 09-1, 2008 - No. 08-1, and 2007 - No. 07-1)

Condition:

The Regional Office of Education #17 does not have sufficient internal controls over the financial reporting process. While the Regional Office of Education #17 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #17's financial information prepared by the Regional Office of Education #17, it was noted that the Regional Office of Education #17 did not have adequate controls over the maintenance of records of accounts payable. While the Regional Office of Education #17 did maintain records to indicate the balances of accounts payable, a material audit adjustment was proposed in order to ensure financial statement balances were materially accurate.

Plan:

The Regional Office of Education understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. The Regional Office of Education will continue to seek qualified accounting expertise in developing procedures that will satisfy the pronouncements in financial statement preparation.

The Regional Office of Education will continue to provide training for staff in utilizing the full range of financial technology that exists.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Honorable Mark Jontry, Regional Superintendent

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2013**

FINDING NO. 2013-002 - Lack of Formal Policies (Repeat of finding 2012 - No. 12-4)

Condition:

The Regional Office of Education #17 did not have formal policies in place addressing allowable expenses and travel reimbursements for much of the period under audit. Policies were developed during the fiscal year. A fiscal policy manual was adopted in May 2013 and the employee handbook was updated in June 2013. Prior to release of the policies, expenses were being approved by either the Regional Superintendent or Assistant Regional Superintendent, but there was no adopted policy on what was allowable to ensure consistency for all reimbursement requests.

The Regional Office of Education #17 had policies regarding cell phone use, but it did not have formal policies in place regarding the purchase of cell phones, charges and reimbursements for the period under audit. Cell phone plans were being paid by the Regional Office of Education #17, which at times included charges beyond base plan expenses. Policies were updated effective July 2014. The new policy sets a flat monthly amount of reimbursement for employees and the cell phone plans are no longer in the name of and paid directly by the Regional Office of Education #17.

The Regional Office of Education #17 has established policies for teachers in the area to receive graduate credit assistance through a partnership with Lindenwood University. Additionally, the Regional Office of Education #17 has established educational assistance policies in regards to Regional Office of Education #17 employees working under the Regional Alternative School program. However, the Regional Office of Education #17 did not have formal educational assistance policies in place for all other employees for much of the period under audit. Policies were updated during the year and included in the new employee handbook dated June 2013. The new policy states the requirements and conditions for tuition reimbursement.

Plan:

The Regional Office of Education updated the Employee Handbook in June 2013 and adopted a Fiscal Policy Manual in May 2013 establishing a formal set of policy and procedures for business operations, of which addressed the above mentioned items. The Regional Office of Education will continue to review and update as needed the Employee Handbook and Fiscal Policy Manual on an annual basis.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Honorable Mark Jontry, Regional Superintendent

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2013**

FINDING NO. 2013-003 - Uncollateralized Deposits

Condition:

The Regional Office of Education #17 did not obtain sufficient collateral for its deposits at one of the financial institutions utilized by the Regional Office of Education #17. As of June 30, 2013, the Regional Office of Education #17's deposits exceeded the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC) by \$1,238,836.

Plan:

The Regional Office of Education is currently working with Commerce Bank to obtain sufficient collateralization of deposits in excess of FDIC insurance.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Honorable Mark Jontry, Regional Superintendent

**DEWITT, LIVINGSTON, AND MLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2013**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
12-1	Controls Over Financial Statement Preparation	Repeated
12-2	Inadequate Internal Controls Over Cash	Resolved
12-3	Inadequate Internal Controls Over Capital Assets	Resolved
12-4	Lack of Formal Policies	Repeated
12-5	Inadequate Internal Controls Over Disbursements	Resolved
12-6	Inadequate Internal Controls Over Payroll	Resolved

MANAGEMENT'S DISCUSSION AND ANALYSIS

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$3,538,304 in 2012 to \$3,386,288 in 2013. The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 showed an increase in General Fund balance from \$2,184,335 in fiscal year 2012 to \$2,400,750 in fiscal year 2013 mostly due to a decrease in expenses to offset the decrease in general state aid.
- The Institute Fund's fund balance increased from \$37,545 in 2012 to \$41,441 in 2013. The main reason for the increase is due to certification revenue exceeding expenditures.
- The Education Fund's fund balance increased from \$104,459 in 2012 to \$205,012 in 2013 mostly due to fluctuations in grant receipts. The Education Fund is made up of grants that the Regional Office receives and these can vary greatly from year to year as some programs have decreased funding or are discontinued while others see a funding increase.

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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17'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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17 as a whole and present an overall view of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's finances.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
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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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with information about the Illinois Municipal Retirement Fund Schedule of Funding Progress and the Other Postemployment Benefits Schedule of Funding Progress.

Other Supplementary Information provides detailed information about the major and nonmajor funds.

Figure A-1 summarizes the major features of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's financial statements, including the portion of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's activities they cover and the types of information they contain.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
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**Figure A-1
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Regional Office of Education #17 (except fiduciary funds)	The activities of Regional Office of Education #17 that are not proprietary or fiduciary, such as grants and statutory funds	Activities Regional Office of Education #17 operates similar to private businesses: workshops	Instances in which Regional Office of Education #17 administers resources on behalf of someone else, such as the distributive fund, Regional Board of School Trustees Fund, and the Cooperative Purchasing Fund
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Fund Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
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REPORTING DEWITT, LIVINGSTON, AND MCLEAN COUNTIES REGIONAL OFFICE OF EDUCATION #17'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about DeWitt, Livingston, and McLean Counties Regional Office of Education #17 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report DeWitt, Livingston, and McLean Counties Regional Office of Education #17's net position and how it has changed. Net position, the difference between DeWitt, Livingston, and McLean Counties Regional Office of Education #17's assets and liabilities, is one way to measure DeWitt, Livingston, and McLean Counties Regional Office of Education #17's financial health or financial position. Over time, increases or decreases in DeWitt, Livingston, and McLean Counties Regional Office of Education #17's net position is an indicator of whether financial position is improving or deteriorating. To assess DeWitt, Livingston, and McLean Counties Regional Office of Education #17's overall health, additional non-financial factors, such as changes in DeWitt, Livingston, and McLean Counties Regional Office of Education #17's grant funding and the condition of facilities need to be considered.

In the government-wide financial statements, DeWitt, Livingston, and McLean Counties Regional Office of Education #17's activities are divided into two categories:

- *Governmental activities:* Most of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic services are included here, such as grants and statutory funds. Federal and state grant proceeds finance most of these activities.
- *Business-type activities:* DeWitt, Livingston, and McLean Counties Regional Office of Education #17 charges fees to help cover the costs of certain services it provides. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's Inservice fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about DeWitt, Livingston, and McLean Counties Regional Office of Education #17's funds, focusing on its most significant or "major" funds - not DeWitt, Livingston, and McLean Counties Regional Office of Education #17 as a whole. Funds are accounting devices DeWitt, Livingston, and McLean Counties Regional Office of Education #17 uses to keep track of specific sources of funding and spending on particular programs.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
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Some funds are required by state law. DeWitt, Livingston, and McLean Counties Regional Office of Education #17 establishes other funds to control and manage money for particular purposes, such as accounting for special revenue funds, or to show that it is properly using certain revenues, such as federal grants.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 has three kinds of funds:

1) *Governmental funds*: Most of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance DeWitt, Livingston, and McLean Counties Regional Office of Education #17's programs.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17's governmental funds include the General Fund and Special Revenue Funds.

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

2) *Proprietary funds*: Services for which DeWitt, Livingston, and McLean Counties Regional Office of Education #17 charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. DeWitt, Livingston, and McLean Counties Regional Office of Education #17 currently has one Enterprise Fund, the Inservice fund.

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

3) *Fiduciary funds*: DeWitt, Livingston, and McLean Counties Regional Office of Education #17 is the trustee for assets that belong to others. These funds include the Agency Funds.

- Agency Funds - These are funds through which DeWitt, Livingston, and McLean Counties Regional Office of Education #17 administers and accounts for certain federal and/or state grants on behalf of others.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 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. DeWitt, Livingston, and McLean Counties Regional Office of Education #17 excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
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The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of DeWitt, Livingston, and McLean Counties Regional Office of Education #17, assets exceeded liabilities by \$3,197,339 as of June 30, 2013.

A portion of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's net position (15%) reflects its investment in capital assets (e.g., furniture and equipment), less any related debt used to acquire those assets that are still outstanding. Although DeWitt, Livingston, and McLean Counties Regional Office of Education #17's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following table presents a summary of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's net position for the fiscal years ended June 30, 2013 and 2012.

<u>2013</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets	\$ 3,067,421	\$ 49,587	\$ 3,117,008
Capital assets, being depreciated, net	<u>487,819</u>	<u>-</u>	<u>487,819</u>
Total assets	<u>3,555,240</u>	<u>49,587</u>	<u>3,604,827</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities	393,670	6,783	400,453
Noncurrent liabilities	<u>7,035</u>	<u>-</u>	<u>7,035</u>
Total liabilities	<u>400,705</u>	<u>6,783</u>	<u>407,488</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net position			
Net investment in capital assets	487,819	-	487,819
Unrestricted	2,390,853	42,804	2,433,657
Restricted for educational purposes	<u>275,863</u>	<u>-</u>	<u>275,863</u>
Total net position	<u>\$ 3,154,535</u>	<u>\$ 42,804</u>	<u>\$ 3,197,339</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

<u>2012</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets	\$ 3,176,425	\$ 127,321	\$ 3,303,746
Capital assets, being depreciated, net	663,286	-	663,286
Total assets	<u>3,839,711</u>	<u>127,321</u>	<u>3,967,032</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities	660,812	16,320	677,132
Noncurrent liabilities	4,733	-	4,733
Total liabilities	<u>665,545</u>	<u>16,320</u>	<u>681,865</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net position			
Net investments in capital assets	663,286	-	663,286
Unrestricted	2,174,877	111,001	2,285,878
Restricted for educational purposes	336,003	-	336,003
Total net position	<u>\$ 3,174,166</u>	<u>\$ 111,001</u>	<u>\$ 3,285,167</u>

The largest portion of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's net position is unrestricted. Unrestricted net position is 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. Unrestricted net position was \$2,433,657 for the year ended June 30, 2013. In addition, net position related to the Institute Fund, Education Fund, and Non-Major Funds is considered restricted for educational purposes.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
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Change in net position. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's total revenue for the fiscal year ended June 30, 2013 was \$5,240,331. The total cost of all programs and services was \$5,124,511. The following table presents a summary of the change in net position for the fiscal years ended June 30, 2013 and 2012.

2013

	Governmental Activities	Business- Type Activities	Total
Revenues:			
Program revenues			
Charges for services	\$ 110,615	\$ 60,897	\$ 171,512
Operating grants and contributions	1,682,531	-	1,682,531
General revenues			
Local sources	2,325,209	-	2,325,209
State sources	428,922	-	428,922
On-behalf payments	<u>632,157</u>	<u>-</u>	<u>632,157</u>
Total revenues	<u>5,179,434</u>	<u>60,897</u>	<u>5,240,331</u>
Expenses:			
Instructional services			
Salaries and benefits	2,302,518	12,341	2,314,859
Purchased services	1,499,451	49,367	1,548,818
Supplies and materials	112,934	61,265	174,199
Payments to other governments	389,938	-	389,938
Other objects	5,787	-	5,787
Depreciation and disposition losses	58,753	-	58,753
Capital outlay	-	-	-
Administrative			
On-behalf payments	<u>632,157</u>	<u>-</u>	<u>632,157</u>
Total expenses	<u>5,001,538</u>	<u>122,973</u>	<u>5,124,511</u>
Excess (Deficiency) before transfers	<u>177,896</u>	<u>(62,076)</u>	<u>115,820</u>
Other financing sources (uses):			
Transfers in	28,673	1,331	30,004
Transfers out	<u>(22,552)</u>	<u>(7,452)</u>	<u>(30,004)</u>
Total other financing sources (uses)	<u>6,121</u>	<u>(6,121)</u>	<u>-</u>
Change in net position	184,017	(68,197)	115,820
Net position, beginning of year as restated (see Note 15)	<u>2,970,518</u>	<u>111,001</u>	<u>3,081,519</u>
Net position, end of year	<u>\$ 3,154,535</u>	<u>\$ 42,804</u>	<u>\$ 3,197,339</u>

Operating grants and contributions account for 32% of the total revenue. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's expenses primarily relate to instructional services, which account for 88% of the total expenses.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
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<u>2012</u>	Governmental Activities	Business- Type Activities	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ -	\$ 51,233	\$ 51,233
Operating grants and contributions	3,145,704	-	3,145,704
General revenues			
Local sources	2,226,922	-	2,226,922
On-behalf payments	<u>538,714</u>	<u>-</u>	<u>538,714</u>
Total revenues	<u>5,911,340</u>	<u>51,233</u>	<u>5,962,573</u>
Expenses:			
Instructional services			
Salaries and benefits	2,789,366	17,800	2,807,166
Purchased services	1,454,905	48,980	1,503,885
Supplies and materials	153,686	51,104	204,790
Payments to other governments	649,475	-	649,475
Other objects	5,699	-	5,699
Depreciation and disposition losses	58,585	-	58,585
Capital outlay	474	-	474
Administrative			
On-behalf payments	<u>538,714</u>	<u>-</u>	<u>538,714</u>
Total expenses	<u>5,650,904</u>	<u>117,884</u>	<u>5,768,788</u>
Excess (Deficiency) before transfers	<u>260,436</u>	<u>(66,651)</u>	<u>193,785</u>
Other financing sources (uses):			
Transfers in	-	55,418	55,418
Transfers out	<u>(55,418)</u>	<u>-</u>	<u>(55,418)</u>
Total other financing sources (uses)	<u>(55,418)</u>	<u>55,418</u>	<u>-</u>
Change in net position	205,018	(11,233)	193,785
Net position, beginning of year	<u>2,969,148</u>	<u>122,234</u>	<u>3,091,382</u>
Net position, end of year	<u>\$ 3,174,166</u>	<u>\$ 111,001</u>	<u>\$ 3,285,167</u>

Operating grants and contributions account for 53% of the total revenue. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's expenses primarily relate to instructional services, which account for 91% of the total expenses.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

Revenues for governmental activities were \$5,179,434 and \$5,911,340 and expenses were \$5,001,538 and \$5,650,904 for 2013 and 2012, respectively.

The following tables present the cost of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's functional governmental activities. The tables also show each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and DeWitt, Livingston, and McLean Counties Regional Office of Education #17's residents by each of these functions.

<u>2013</u>	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Instructional services:		
Salaries and benefits	\$ 2,302,518	\$ (1,957,396)
Purchased services	1,499,451	(405,399)
Supplies and materials	112,934	(60,478)
Payments to other governments	389,938	(105,247)
Other objects	5,787	(5,787)
Depreciation and disposition losses	58,753	(58,753)
Capital outlay	-	16,825
Administrative:		
On-behalf payments	<u>632,157</u>	<u>(632,157)</u>
Total expenses	<u>\$ 5,001,538</u>	<u>\$ (3,208,392)</u>
<u>2012</u>	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Instructional services:		
Salaries and benefits	\$ 2,789,366	\$ (1,145,015)
Purchased services	1,454,905	(596,511)
Supplies and materials	153,686	(63,011)
Payments to other governments	649,475	(266,285)
Other objects	5,699	(2,337)
Depreciation and disposition losses	58,585	(58,585)
Capital outlay	474	165,258
Administrative:		
On-behalf payments	<u>538,714</u>	<u>(538,714)</u>
Total expenses	<u>\$ 5,650,904</u>	<u>\$ (2,505,200)</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The cost of all governmental activities was \$5,001,538 and \$5,650,904 for 2013 and 2012, respectively.

Federal and state governments subsidized certain governmental activities with grants and contributions of \$1,682,531 and \$3,145,704 for 2013 and 2012, respectively.

Net cost of governmental activities (\$3,208,392), was financed by general revenues, which are made up of primarily local sources (\$2,325,209), state sources (\$428,922) and on-behalf payments (\$632,157) for 2013.

Net cost of governmental activities (\$2,505,200), was financed by general revenues, which are made up of primarily local sources (\$2,226,922) and on-behalf payments (\$538,714) for 2012.

Business-Type Activities

Revenues for business-type activities were \$60,897 and \$51,233 and expenses were \$122,973 and \$117,884 for 2013 and 2012, respectively. DeWitt, Livingston, and McLean Counties Regional Office of Education #17's business-type activities include the Inservice fund. Revenues of these activities were comprised of charges for service.

INDIVIDUAL FUND ANALYSIS

As previously noted, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of DeWitt, Livingston, and McLean Counties Regional Office of Education #17 as a whole is reflected in its governmental funds, as well. As DeWitt, Livingston, and McLean Counties Regional Office of Education #17 completed the year, its governmental funds reported a combined fund balance of \$2,673,751, above last year's ending fund balance of \$2,384,719.

Governmental Fund Highlights

The General Fund's fund balance increased from \$2,184,335 in 2012 to \$2,400,750 in 2013 mostly due to a decrease in expenses to offset the decrease in general state aid.

The Institute Fund's fund balance increased from \$37,545 in 2012 to \$41,441 in 2013. The main reason for the increase is due to certification revenues exceeding expenditures.

The Education Fund's fund balance increased from \$104,459 in 2012 to \$205,012 in 2013 mostly due to fluctuations in grant receipts. The Education Fund is made up of grants that the Regional Office receives and these can vary greatly from year to year as some programs are discontinued while others see a funding increase. Over the various programs that make up the fund, total revenues exceeded expenditures by \$85,325.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Proprietary Fund Highlights

Inservice fund net position decreased from \$111,001 at June 30, 2012 to \$42,804 at June 30, 2013. The decrease is attributable to expenditures exceeding revenues.

The Inservice fund revenues have increased from fiscal year 2012 to fiscal year 2013 due to increase in workshop attendance. The Inservice fund expenses also increased from fiscal year 2012 to fiscal year 2013 due to increase in workshop expenditures.

BUDGETARY HIGHLIGHTS

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 is not required to create a budget for overall operations. They are required to prepare budgets for most of the grants they receive. Over the course of the year, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 amended several of the grant budgets within the Education Fund. Budgets for grant programs are adjusted because of an increase or decrease in funding due to changes at the State level or to better allocate funds received to meet the needs of the program.

CAPITAL ASSETS

As of June 30, 2013, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 had invested \$487,819 in capital assets, including furniture and equipment. Total depreciation expense for the year was \$45,653.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2013.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 103,359	\$ -	\$ 103,359
Leasehold improvements	384,460	-	384,460
	<u>\$ 487,819</u>	<u>\$ -</u>	<u>\$ 487,819</u>

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2012. Please note these amounts were restated as of July 1, 2012.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 91,397	\$ -	\$ 91,397
Leasehold improvements	571,889	-	571,889
	<u>\$ 663,286</u>	<u>\$ -</u>	<u>\$ 663,286</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Additional information on DeWitt, Livingston, and McLean Counties Regional Office of Education #17's capital assets, including the restatement relating to capital assets, can be found in Notes 7 and 15 on pages 68 and 71, respectively, of this report.

**ECONOMIC FACTORS BEARING ON DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17'S FUTURE**

At the time these financial statements were prepared and audited, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 was aware of the existing circumstances that could significantly affect its financial health in the future:

The overall economic uncertainty of State of Illinois funding continues to provide uncertainty for Regional Office of Education's future financial health.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

**CONTACTING DEWITT, LIVINGSTON, AND MCLEAN COUNTIES REGIONAL OFFICE OF
EDUCATION #17'S FINANCIAL MANAGEMENT**

This financial report is designed to provide DeWitt, Livingston, and McLean Counties Regional Office of Education #17's citizens, taxpayers, and customers with a general overview of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's finances and to demonstrate DeWitt, Livingston, and McLean Counties Regional Office of Education #17's accountability for the money it receives. If you have questions about this report or need additional financial information, contact DeWitt, Livingston, and McLean Counties Regional Office of Education #17, 200 W. Front Street, Suite 500 D, Bloomington, Illinois 61701.

BASIC FINANCIAL STATEMENTS

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF NET POSITION
June 30, 2013**

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,564,514	\$ 33,796	\$ 2,598,310
Accounts receivable	-	772	772
Due from other governments	515,064	-	515,064
Due from (to) other funds	(15,019)	15,019	-
Prepays	<u>2,862</u>	<u>-</u>	<u>2,862</u>
Total current assets	3,067,421	49,587	3,117,008
Non-current assets:			
Capital assets, being depreciated, net	<u>487,819</u>	<u>-</u>	<u>487,819</u>
Total assets	<u>3,555,240</u>	<u>49,587</u>	<u>3,604,827</u>
DEFERRED OUTFLOWS OF RESOURCES			
None	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,128	6,783	7,911
Accrued expenses	147,826	-	147,826
Due to other governments	<u>244,716</u>	<u>-</u>	<u>244,716</u>
Total current liabilities	<u>393,670</u>	<u>6,783</u>	<u>400,453</u>
Non-current liabilities:			
Net OPEB obligations	<u>7,035</u>	<u>-</u>	<u>7,035</u>
Total liabilities	<u>400,705</u>	<u>6,783</u>	<u>407,488</u>
DEFERRED INFLOWS OF RESOURCES			
None	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	487,819	-	487,819
Unrestricted	2,390,853	42,804	2,433,657
Restricted for educational purposes	<u>275,863</u>	<u>-</u>	<u>275,863</u>
Total net position	<u>\$ 3,154,535</u>	<u>\$ 42,804</u>	<u>\$ 3,197,339</u>

The accompanying notes are an integral part of the financial statements.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Instructional services:						
Salaries	\$ 1,842,047	\$ 16,592	\$ 286,030	\$ (1,539,425)	\$ -	\$ (1,539,425)
Employee benefits	460,471	8,849	33,651	(417,971)	-	(417,971)
Purchased services	1,499,451	50,883	1,043,169	(405,399)	-	(405,399)
Supplies and materials	112,934	18,805	33,651	(60,478)	-	(60,478)
Payments to other governments	389,938	15,486	269,205	(105,247)	-	(105,247)
Other objects	5,787	-	-	(5,787)	-	(5,787)
Depreciation and disposition losses	58,753	-	-	(58,753)	-	(58,753)
Capital outlay	-	-	16,825	16,825	-	16,825
Administrative:						
On-behalf payments	632,157	-	-	(632,157)	-	(632,157)
Total governmental activities	5,001,538	110,615	1,682,531	(3,208,392)	-	(3,208,392)
Business-type activities:						
Registration fees	122,973	60,897	-	-	(62,076)	(62,076)
Total primary government	\$ 5,124,511	\$ 171,512	\$ 1,682,531	(3,208,392)	(62,076)	(3,270,468)
General revenues:						
Local sources				2,325,209	-	2,325,209
State sources				428,922	-	428,922
On-behalf payments				632,157	-	632,157
Transfers				6,121	(6,121)	-
Total general revenues and transfers				3,392,409	(6,121)	3,386,288
CHANGE IN NET POSITION				184,017	(68,197)	115,820
NET POSITION, BEGINNING OF YEAR						
AS RESTATED (See Note 15)				2,970,518	111,001	3,081,519
NET POSITION, END OF YEAR				\$ 3,154,535	\$ 42,804	\$ 3,197,339

The accompanying notes are an integral part of the financial statements.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	
ASSETS					
Cash and cash equivalents	\$ 2,213,301	\$ 41,591	\$ 283,074	\$ 26,548	\$ 2,564,514
Due from other governments	268,960	-	246,104	-	515,064
Due from other funds	63,950	-	-	-	63,950
Prepays	<u>2,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,862</u>
Total assets	2,549,073	41,591	529,178	26,548	3,146,390
DEFERRED OUTFLOWS OF RESOURCES					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,549,073</u>	<u>\$ 41,591</u>	<u>\$ 529,178</u>	<u>\$ 26,548</u>	<u>\$ 3,146,390</u>
LIABILITIES					
Accounts payable	\$ 497	\$ 150	\$ 481	\$ -	\$ 1,128
Accrued expenses	147,826	-	-	-	147,826
Due to other governments	-	-	244,716	-	244,716
Due to other funds	<u>-</u>	<u>-</u>	<u>78,969</u>	<u>-</u>	<u>78,969</u>
Total liabilities	148,323	150	324,166	-	472,639
DEFERRED INFLOWS OF RESOURCES					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Nonspendable	2,862	-	-	-	2,862
Restricted	-	41,441	205,131	26,548	273,120
Assigned	9,053	-	-	-	9,053
Unassigned	<u>2,388,835</u>	<u>-</u>	<u>(119)</u>	<u>-</u>	<u>2,388,716</u>
Total fund balance	2,400,750	41,441	205,012	26,548	2,673,751
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 2,549,073</u>	<u>\$ 41,591</u>	<u>\$ 529,178</u>	<u>\$ 26,548</u>	<u>\$ 3,146,390</u>

The accompanying notes are an integral part of the financial statements.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2013**

Total fund balance of governmental funds (page 40)	\$ 2,673,751
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.	487,819
The OPEB obligations resulting from annual required contributions in excess of actual contributions are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(7,035)</u>
Net position of governmental activities (page 38)	<u>\$ 3,154,535</u>

The accompanying notes are an integral part of the financial statements.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	
REVENUES:					
Local sources	\$ 1,064,358	\$ 83,155	\$ 1,273,287	\$ 27,460	\$ 2,448,260
State sources	1,651,599	-	264,829	1,546	1,917,974
Federal sources	38,174	-	273,763	-	311,937
On-behalf payments	632,157	-	-	-	632,157
Total revenues	<u>3,386,288</u>	<u>83,155</u>	<u>1,811,879</u>	<u>29,006</u>	<u>5,310,328</u>
EXPENDITURES:					
Instructional services:					
Salaries	1,532,844	-	285,385	21,516	1,839,745
Employee benefits	408,057	-	41,452	10,962	460,471
Purchased services	372,107	43,779	1,064,160	19,405	1,499,451
Supplies and materials	53,929	15,259	34,840	8,906	112,934
Payments to other governments	91,250	20,221	278,467	-	389,938
Other objects	5,738	-	-	49	5,787
On-behalf payments	632,157	-	-	-	632,157
Capital outlay	64,684	-	22,250	-	86,934
Total expenditures	<u>3,160,766</u>	<u>79,259</u>	<u>1,726,554</u>	<u>60,838</u>	<u>5,027,417</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>225,522</u>	<u>3,896</u>	<u>85,325</u>	<u>(31,832)</u>	<u>282,911</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	11,691	-	16,982	-	28,673
Transfers out	(20,798)	-	(1,754)	-	(22,552)
Total other financing sources (uses)	<u>(9,107)</u>	<u>-</u>	<u>15,228</u>	<u>-</u>	<u>6,121</u>
NET CHANGE IN FUND BALANCE	216,415	3,896	100,553	(31,832)	289,032
FUND BALANCE, BEGINNING OF YEAR	<u>2,184,335</u>	<u>37,545</u>	<u>104,459</u>	<u>58,380</u>	<u>2,384,719</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,400,750</u>	<u>\$ 41,441</u>	<u>\$ 205,012</u>	<u>\$ 26,548</u>	<u>\$ 2,673,751</u>

The accompanying notes are an integral part of the financial statements.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013**

Net change in fund balance (page 42) \$ 289,032

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	\$ 86,934	
Depreciation and disposition losses	<u>(58,753)</u>	28,181

Some receivables will not be collected for several months
after fiscal year end, so they are not considered as
"available" revenues in the governmental funds, and
they are instead counted as deferred revenues. They
are, however, recorded as revenues in the Statement
of Activities. (130,894)

Some expenses in the Statement of Activities do not require
the use of current financial resources and therefore, are
not reported as expenditures in the governmental funds.
These expenses consist of an increase in OPEB expense. (2,302)

Change in net position of governmental activities (page 39) \$ 184,017

The accompanying notes are an integral part of the financial statements.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013**

	Business-Type Activities - Enterprise Fund <u>Inservice</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 33,796
Accounts receivable	772
Due from other funds	15,019
Total assets	49,587
 DEFERRED OUTFLOWS OF RESOURCES	
None	-
 LIABILITIES	
Current liabilities:	
Accounts payable	6,783
 DEFERRED INFLOWS OF RESOURCES	
None	-
 NET POSITION	
Unrestricted	\$ 42,804

The accompanying notes are an integral part of the financial statements.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2013**

	Business-Type Activities - Enterprise Fund <u>Inservice</u>
OPERATING REVENUES:	
Local sources	\$ <u>60,897</u>
OPERATING EXPENSES:	
Salaries	8,275
Employee benefits	4,066
Purchased services	49,367
Supplies and materials	<u>61,265</u>
Total operating expenses	<u>122,973</u>
Operating loss before transfers	<u>(62,076)</u>
TRANSFERS:	
Transfers in	1,331
Transfers out	<u>(7,452)</u>
Total transfers	<u>(6,121)</u>
CHANGE IN NET POSITION	(68,197)
TOTAL NET POSITION, BEGINNING OF YEAR	<u>111,001</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 42,804</u>

The accompanying notes are an integral part of the financial statements.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013**

	Business-Type Activities - Enterprise Fund <u>Inservice</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from workshops	\$ 60,335
Payments to suppliers and providers of goods and services	(120,169)
Payments to employees	<u>(12,341)</u>
Net cash used in operating activities	<u>(72,175)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from (to) other funds	(6,121)
Interfund loans	<u>(15,019)</u>
Net cash used in noncapital financing activities	<u>(21,140)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(93,315)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>127,111</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 33,796</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (62,076)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(562)
Decrease in accounts payable	<u>(9,537)</u>
Net cash used in operating activities	<u>\$ (72,175)</u>

The accompanying notes are an integral part of the financial statements.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 3,701
Due from other governments	<u>135,262</u>
TOTAL ASSETS	<u>\$ 138,963</u>
LIABILITIES	
Due to other governments	<u>\$ 138,963</u>

The accompanying notes are an integral part of the financial statements.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 is an entity that is a result of an Educational Service Region becoming a Regional Office of Education as of August 7, 1995. The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education #17 encompasses DeWitt, Livingston, and McLean Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer 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 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. Further, the superintendent receives an allocation of school funds from the State Board of Education and apportions these funds to the school districts in accordance with the State Board of Education's formula.

The Superintendent has developed criteria to determine whether outside agencies with activities which benefit the citizens served by the Regional Office of Education #17 should be included within its financial reporting entity. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Regional Office of Education #17 to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Regional Office of Education #17.

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. Furthermore, the DeWitt, Livingston, and McLean Counties Regional Office of Education #17 does not consider itself to be a component unit of any other entity.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the activities of DeWitt, Livingston, and McLean Counties Regional Office of Education #17. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. Business-type activities normally are supported by amounts assessed or received from local sources for the Regional Office programs.

The Statement of Net Position presents DeWitt, Livingston, and McLean Counties Regional Office of Education #17's nonfiduciary assets and liabilities, with the difference reported as net position.

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 clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within the governmental funds in the financial section of the basic financial statements and are detailed in the supplementary information.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 reports the following major governmental funds:

The General Fund is the operating fund of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17. The General Fund accounts for all financial resources except those required to be accounted and reported for in another fund. The following funds are the general funds of the DeWitt, Livingston, and McLean Counties Regional Office of Education #17.

County Fund - this fund accounts for DeWitt, Livingston, and McLean Counties support which helps fund the operation of the Regional Office of Education #17.

Indirect Cost and Interest Fund - this fund accounts for indirect cost allowed by the Adult Education Grants.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Regional Safe Schools - these 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.

Regional Alternative School - this is a state-wide program leading to a high school diploma for students with truancy and discipline problems.

I-SCORE - this is a program for online credit recovery for special needs students.

Chestnut - this is a contract with a local drug/alcohol rehabilitation center for GED preparation services.

Donations Literacy Inservice - this program is funded by corporate and private sources to facilitate learning projects in literacy, GED, and English as a Second Language classes.

Juvenile Justice Council - this is a program of At-Risk Diversion for students.

Illinois Educators' Roundtable - this program is for a group of superintendents to meet on emerging issues affecting the education system.

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

Institute Fund - this fund accounts for teacher certificate registration, issuance, and evaluation fees for processing certificates, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Education Fund - to account for and report monies for grant agreements or contracts, and payment of, administering numerous grant awards and programs which include:

Department of Rehabilitation Services (D.O.R.S.) Program Step Grant - this program is for severely handicapped students making the transition from high school to the work place.

Secretary of State's Literacy Grant - this program supports literacy activities from the Secretary of State.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Truants Alternative/Optional Education - this program assists in prevention of truancy within the Alternative School.

Adult Education Programs - this program is funded by the Illinois Community College Board to assist individuals with literacy, GED prep, and English as a Second Language classes.

SOS Family Literacy - this program serves parents and their children ages 0 to 5 who are enrolled in Evenstart or Heartland Head Start to provide activities that encourage literacy development and enable parents to be their child's first and best teacher through workshops, field trips, and a partnership with the public libraries to provide activities.

Evenstart Family Literacy - this program provides early childhood education, adult English as a Second Language education, parenting and parent-child interactions for low income and limited English speaking families with children aged 6 weeks to 3 years.

English Language Civics Grant - this program provides immigrants and other limited English proficient persons with skills to understand and navigate governmental workplace systems and key institutions, such as banking and healthcare.

Illinois Violence Prevention Authority - this program assists in prevention of domestic violence.

Continuum of Care - this program assists participants in obtaining and remaining in permanent housing.

Heart of Illinois Low Incidence - this program promotes, establishes, and maintains comprehensive special education services for children with hearing, vision, and physical disabilities.

Title II Teacher Quality Leadership - this program provides professional development training to teachers for improvement of instruction in the classroom.

ROE/ISC Operations Fund - this fund accounts for the State grant that provides the funding for the Regional Office of Education #17.

Respro Title I - this program assists local school districts with school improvement planning and activities related to Title I instruction.

SCORE United Way - this program provides assistance to students from United Way.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

McKinney Homeless Grant - this program assists with the federal requirement to provide support to homeless students and their families to remove barriers to attending school while displaced.

Transitional Specialist - this program is administered by Illinois Department of Human Services to provide support for Individualized Education Plan (IEP) students to transition from high school to higher education and/or adult employment.

Juvenile Detention Center - this program provides educational programming for incarcerated youth.

American Recovery and Reinvestment Act (ARRA) Title I - School Improvement - allocations utilized specifically to assist low-performing schools/districts to increase student achievement through school improvement activities.

The Regional Office of Education #17 reports the following nonmajor governmental funds:

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

Bus Driver Training - this fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

General Education Development - this fund accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

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.

The Regional Office of Education #17 reports the following major proprietary fund:

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #17 on a cost reimbursement basis are reported.

Inservice - used to account for the workshop fees and expenses of the Regional Office of Education #17.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Regional Office of Education #17 also reports the following agency funds:

Agency Funds are used to account for assets held by the Regional Office of Education #17 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Distributive Fund - this fund distributes money received from the State out to the school districts and other entities.

Regional Board of School Trustees Fund - this fund accounts for the Regional Office of Education's operating accounts.

Cooperative Purchasing Fund - this fund is used to purchase paper and supplies in quantity as a single unit by participating schools in the Regional Office of Education #17.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. 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.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the DeWitt, Livingston, and McLean Counties Regional Office of Education #17.

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 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 sources available to finance the program. It is DeWitt, Livingston, and McLean Counties Regional Office of Education #17's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. It is the Regional Office of Education #17's policy to first apply restricted funds, then unrestricted.

For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned if any.

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 DeWitt, Livingston, and McLean Counties Regional Office of Education #17's enterprise fund 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.

Assets and Liabilities

The following accounting policies are followed in preparing the balance sheet:

Cash and investments - The cash and investment balances of DeWitt, Livingston, and McLean Counties Regional Office of Education #17 are valued at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Due from other governments - Due from other governments represents amounts due from the Illinois State Board of Education and other local governments.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets - Capital assets, which include property, furniture and equipment, are reported in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by DeWitt, Livingston, and McLean Counties Regional Office of Education #17 as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight line method over 3-50 years.

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Deferred revenues - The Regional Office reports unearned deferred revenue in the governmental fund Balance Sheet. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

Compensated absences - Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and therefore; no liability is accrued. There are no material accumulations of sick pay or vacation pay at June 30, 2013.

Management 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. Actual results could differ from those estimates.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balance

Fund Balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance - the portion of a Governmental Fund's net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. The following funds present a nonspendable fund balance due to prepaid assets: County Fund and Chestnut.

Restricted Fund Balance - the portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following accounts' fund balances are restricted by grant agreements or contracts: D.O.R.S. Program Step Grant, Illinois Violence Prevention Authority, Continuum of Care, Heart of Illinois Low Incidence, ROE/ISC Operations Fund and SCORE United Way. The following funds are restricted by Illinois Statute: Institute Fund, Bus Driver Training, General Education Development and Supervisory.

Committed Fund Balance - the portion of a Governmental Fund's net position with self-imposed constraints or limitations that has been placed at the highest level of decision making. There are currently no funds with a committed fund balance.

Assigned Fund Balance - the portion of a Governmental Fund's net position 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 Illinois Educators' Roundtable fund balance is currently assigned.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following accounts comprise unassigned fund balance: County Fund, Regional Safe Schools, Regional Alternative School, I-SCORE, Chestnut, Donations Literacy Inservice, Juvenile Justice Council and Juvenile Detention Center.

Net Position

Net position presents the difference between assets and liabilities in the Statement of Net Position. Net position of the Regional Office of Education is classified as follows:

Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Budgets and Budgetary Accounting

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 did not formally adopt a budget for the year ended June 30, 2013 and is not legally required to do so; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared. However, the DeWitt, Livingston, and McLean Counties Regional Office of Education #17 prepares a budget for each of its grants and for the support it receives from its three counties. Some of these budgets cover different periods than the Regional Office of Education #17's fiscal year.

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17's accounting records must be sophisticated enough to both (1) assure and demonstrate compliance with each budget during the period it covers and (2) also permit the reporting of the financial position and results of operations of each fund and fund type in GAAP financial statements covering its fiscal year.

Subsequent Events

Management has evaluated subsequent events through June 9, 2014, the date the financial statements were available to be issued.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 - CASH AND CASH EQUIVALENTS

The deposit of DeWitt, Livingston, and McLean Counties Regional Office of Education #17 monies is governed by the provisions of the Illinois Compiled Statutes.

Deposits and Investments

At June 30, 2013, the carrying amount of DeWitt, Livingston, and McLean Counties Regional Office of Education #17's deposits was \$2,602,011 and the bank balance was \$3,029,852.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, DeWitt, Livingston, and McLean Counties Regional Office of Education #17's deposits may not be returned. DeWitt, Livingston, and McLean Counties Regional Office of Education #17 does not have a deposit policy for custodial credit risk.

Of the total bank balances as of June 30, 2013, \$500,000 was secured by federal depository insurance, \$124,051 was invested and fully collateralized in the Illinois Funds Money Market Fund, \$1,166,965 was collateralized by securities pledged by the Regional Office of Education #17's financial institution on behalf of the Regional Office and \$1,238,836 was uncollateralized.

A reconciliation of cash as shown on the Statement of Net Position for the primary government is as follows:

	<u>Carrying Amount</u>
Cash - Primary Government	\$ 2,598,310
Cash - Agency	<u>3,701</u>
Total	<u>\$ 2,602,011</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 3 - ON-BEHALF PAYMENTS

The salaries and fringe benefits of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois.

The breakdown of on-behalf payments for the year ended June 30, 2013 is as follows:

Regional Superintendent - salary	\$ 107,640
Regional Superintendent - benefits (includes state paid insurance)	26,870
Assistant Regional Superintendent - salary	96,888
Assistant Regional Superintendent - benefits (includes state paid insurance)	38,225
TRS on-behalf payments	352,843
THIS on-behalf payments	<u>9,691</u>
Total on-behalf payments	<u>\$ 632,157</u>

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

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 recorded the on-behalf payments as both revenues and expenditures in the general fund.

NOTE 4 - EMPLOYEE BENEFIT PLAN

The Regional Office of Education #17's employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by DeWitt, Livingston, and McLean Counties and the Regional Office of Education #17 through grant monies on behalf of the DeWitt, Livingston, and McLean Counties Regional Office of Education staff employees and grant coordinators.

DeWitt, Livingston, and McLean Counties are participating members of the Illinois Municipal Retirement Fund whose coverage includes all Regional Office of Education #17 employees who:

- a. Occupy a job normally requiring 1,000 hours or more per year;
- b. are paid on a regular payroll from County or Regional Office of Education #17 funds;
- c. were under age sixty when first entering employment; and
- d. are not covered by another State created retirement system for the same service.

Employees not qualifying above are considered as "nonparticipating employees" and are covered under Social Security.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 - EMPLOYEE BENEFIT PLAN (CONTINUED)

The Regional Superintendent and the Assistant Regional Superintendent of DeWitt, Livingston, and McLean Counties Regional Office of Education #17 are paid by the State of Illinois. Certain staff employees of the Regional Office of Education #17's office are employed and paid by DeWitt, Livingston, and McLean Counties (other support staff and grant coordinators are paid by the Region through grant monies). DeWitt, Livingston, and McLean Counties Regional Office of Education #17 has no separate employee benefit plan.

Illinois Municipal Retirement Fund

Plan Description. The Regional Office of Education #17'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 #17'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 #17'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 contribution rate for calendar year 2012 was 15.36 percent. The Regional Office of Education #17 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2012 was \$124,232.

THREE YEAR TREND INFORMATION FOR THE REGULAR PLAN

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$ 124,232	100%	\$ -
12/31/11	168,642	95%	8,948
12/31/10	162,771	98%	2,869

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4 - EMPLOYEE BENEFIT PLAN (CONTINUED)

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #17's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #17's Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 48.23 percent funded. The actuarial accrued liability for benefits was \$1,441,459 and the actuarial value of assets was \$695,189, resulting in an underfunded actuarial accrued liability (UAAL) of \$746,270. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$808,802 and the ratio of the UAAL to the covered payroll was 92 percent.

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

NOTE 5 - RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois

The Regional Office of Education #17 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 - RETIREMENT PLANS (CONTINUED)

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

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #17'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 #17. For the year ended June 30, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #17 recognized revenue and expenditures of \$352,843 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$294,693) and 23.10 percent (\$263,342), respectively.

The Regional Office of Education #17 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2013 were \$6,110. Contributions for the years ending June 30, 2012 and June 30, 2011 were \$5,709 and \$5,502, 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 #17, there is a statutory requirement for the Regional Office of Education #17 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in 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 for TRS.

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, there were no salaries eligible for federal and special trust funds contributions for employees. For the years ended June 30, 2012 and June 30, 2011, required employer contributions were \$0.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 - RETIREMENT PLANS (CONTINUED)

- **Early Retirement Option (ERO).** The Regional Office of Education #17 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

For the years ended June 30, 2013, June 30, 2012 and June 30, 2011, the Regional Office of Education #17 paid no ERO contributions.

- **Salary increases over 6 percent and excess sick leave.**

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer 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, 2013, June 30, 2012, and June 30, 2011, the Regional Office of Education #17 did not make any contributions to TRS for salary increases in excess of 6 percent.

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

For the years ended June 30, 2013, June 30, 2012, and June 30, 2011, the Regional Office of Education #17 did not make any contributions to TRS for sick leave days granted in excess of the normal annual allotment.

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

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Regional Office of Education #17 provides postemployment health care benefits (OPEB) for eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Regional Office of Education #17 and can be amended by the Regional Office of Education #17 through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Regional Office of Education #17's governmental funds.

Benefits Provided

The Regional Office of Education #17 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Regional Office of Education #17 retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Regional Office of Education #17 insurance provider.

Membership

At June 1, 2011, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	1
Active Employees	38
Total	39
Participating Employers	1

Funding Policy

The Regional Office of Education #17 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Costs and Net OPEB Obligation

The Regional Office of Education #17 first had an actuarial valuation performed for the plan as of June 30, 2011 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2011. The transition liability was set at zero as of June 30, 2010. The Regional Office of Education #17's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2011, 2012, and 2013 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 9,854	\$ 7,451	75.6%	\$ 2,403
June 30, 2012	9,551	7,221	75.6%	2,330
June 30, 2013	9,435	7,133	75.6%	2,302

Annual Required Contribution	\$ 9,435
Annual OPEB Cost	9,435
Contributions Made	<u>(7,133)</u>
Increase in Net OPEB Obligation	2,302
Net OPEB Obligation Beginning of Year	<u>4,733</u>
Net OPEB Obligation End of Year	<u><u>\$ 7,035</u></u>

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013, was as follows:

Actuarial Accrued Liability (AAL)	\$125,262
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$125,262
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Plan Members)	\$1,193,931
UAAL as a Percentage of Covered Payroll	10.5%

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011, actuarial valuation, the entry age cost method was used. The actuarial assumptions included a discount rate of 5.00% and an initial healthcare cost trend rate of 8.00% with a ultimate healthcare inflation rate of 6.00% increase for 2015 and later years. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Regional Office of Education #17 has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized using a open, level percentage of pay method. The remaining amortization period at June 30, 2011 was 30 years.

Teachers Health Insurance Security Fund

The Regional Office of Education #17 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment 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 may participate in the state administered participating provider option plan or choose from several managed care options.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the State to make a contribution to THIS Fund.

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

- **On behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #17. State contributions are intended to match contributions to THIS Fund from active members which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$9,691, and the Regional Office of Education #17 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2012 and June 30, 2011 were 0.88 percent of pay, both years. State contributions on behalf of Regional Office of Education #17 employees were \$8,661 and \$8,347, respectively.

- **Employer contributions to THIS Fund.** The Regional Office of Education #17 also makes contributions to THIS Fund. The employer THIS fund contribution was 0.69 percent during the year ended June 30, 2013, and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the Regional Office of Education #17 paid \$7,268 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the Regional Office of Education #17 paid \$6,496 and \$6,260 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 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 7 - CAPITAL ASSETS

Capital assets activity reported for the year ended June 30, 2013 is as follows:

	Balance July 1, 2012 as <u>Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2013
Governmental activities:				
Furniture and equipment	\$ 303,051	\$ 64,294	\$ (105,131)	\$ 262,214
Leasehold improvement	414,739	22,640	(968)	436,411
Less accumulated depreciation	<u>(258,152)</u>	<u>(45,653)</u>	<u>92,999</u>	<u>(210,806)</u>
Total capital assets, net	<u>\$ 459,638</u>	<u>\$ 41,281</u>	<u>\$ (13,100)</u>	<u>\$ 487,819</u>

Depreciation expense was charged as follows:

Governmental activities:	
Instructional services:	
Depreciation	<u>\$ 45,653</u>

NOTE 8 - DISPOSITION OF DISTRIBUTIVE FUND INTEREST

The school district boards within the Regional Office of Education #17 have signed formal agreements that allow the Regional Office of Education #17 to retain any interest earned during the year.

NOTE 9 - OPERATING LEASES

The Regional Office of Education #17 entered into a lease for an Alternative School classroom and administrative space. The lease calls for monthly payments of \$9,379 beginning on August 1, 2012 and commencing on July 31, 2017. Total rental expense for the year ended June 30, 2013 was \$111,318; \$103,169 under the above lease and \$8,149 under a lease agreement that expired during the fiscal year.

The Regional Office of Education #17 entered into a lease for the Special Services program office complex. The lease calls for monthly payments of \$1,900 beginning on June 1, 2006 and commencing on May 31, 2014. The lease has the option of renewal from year to year thereafter, until given 90 days notice of termination. Total rental expense for the year ended June 30, 2013 was \$22,800.

The Regional Office of Education #17 entered into a lease for administrative space. The lease calls for monthly payments of \$5,083 beginning on January 1, 2013 and commencing on December 31, 2015. Total rental expense for the year ended June 30, 2013 was \$30,498.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 9 - OPERATING LEASES (CONTINUED)

Future lease obligations are as follows:

<u>Year Ended June 30,</u>	
2014	\$ 194,450
2015	173,550
2016	143,050
2017	112,551
2018	<u>9,379</u>
Total	<u>\$ 632,980</u>

NOTE 10 - DUE FROM/TO OTHER GOVERNMENTS

The DeWitt, Livingston, and McLean Counties Regional Office of Education #17 has funds due from/to various other governmental units which consist of the following:

Due From Other Governments	
<u>General Fund</u>	
Illinois State Board of Education	\$ 13,058
Local governments	255,902
<u>Education Fund</u>	
Illinois State Board of Education	14,000
Local governments	232,104
<u>Agency Fund</u>	
Local governments	135,262
Due To Other Governments	
<u>Education Fund</u>	
Local governments	244,716
<u>Agency Fund</u>	
Local governments	138,963

NOTE 11 - DUE FROM/TO FUNDS

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, at June 30, 2013 were:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund		
County Fund	\$ 22,906	\$ -
Regional Alternative School	25,287	-
Chestnut	11,696	-
Donations Literacy Inservice	4,061	-

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 11 - DUE FROM/TO FUNDS (CONTINUED)

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Education Fund		
Illinois Violence Prevention Authority	\$ -	\$ 838
Continuum of Care	-	4,061
Title II Teacher Quality Leadership	-	14,000
Respro Title I	-	14,181
McKinney Homeless Grant	-	11,287
Transitional Specialist	-	22,906
Juvenile Detention Center	-	11,696
Proprietary Fund		
Inservice	15,019	-
Total	<u>\$ 78,969</u>	<u>\$ 78,969</u>

NOTE 12 - TRANSFERS

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
County Fund	\$ 1,564	\$ 5,606
Indirect Cost and Interest Fund	8,542	360
Regional Alternative School	-	14,161
Donations Literacy Inservice	1,585	671
Education Fund		
Truants Alternative/Optional Education	448	-
Adult Education Programs	-	234
SOS Family Literacy	-	805
Evenstart Family Literacy	-	544
English Language Civics Grant	2,347	-
Respro Title I	8,250	-
McKinney Homeless Grant	1,132	-
Transitional Specialist	4,805	-
ARRA Title I - School Improvement	-	171
Proprietary Fund		
Inservice	1,331	7,452
Total	<u>\$ 30,004</u>	<u>\$ 30,004</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 13 - DEFICIT FUND BALANCE

The following fund had a deficit fund balance at June 30, 2013. The deficit will be covered by normal operations or a fund transfer.

Education Fund	
Juvenile Detention Center	\$ (119)

NOTE 14 - RISK MANAGEMENT

DeWitt, Livingston, and McLean Counties Regional Office of Education #17 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. DeWitt, Livingston, and McLean Counties Regional Office of Education #17 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

NOTE 15 - RESTATEMENT OF BEGINNING NET POSITION

The Regional Office of Education #17 restated the following net position previously reported:

	Governmental
	<u>Activities</u>
Net position, June 30, 2012, as previously reported	\$ 3,174,166
Adjustments to capital assets	<u>(203,648)</u>
Net position, July 1, 2012, as restated	<u><u>\$ 2,970,518</u></u>

The restatement was to adjust capital assets and relating depreciation to actual based upon a physical inventory performed by the Regional Office of Education #17.

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 16 - NEW PRONOUNCEMENTS

In 2013, DeWitt, Livingston, and McLean Counties Regional Office of Education #17 implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Regional Office of Education #17 implemented these standards during the current year; however, GASB Statement No. 60 and 61 had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

This information is an integral part of the accompanying financial statements.

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

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 SCHEDULE OF FUNDING PROGRESS -
 ILLINOIS MUNICIPAL RETIREMENT FUND
 (Unaudited)
 June 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/12	\$ 695,189	\$1,441,459	\$ 746,270	48.23%	\$ 808,802	92.27%
12/31/11	993,545	1,775,076	781,531	55.97%	1,132,585	69.00%
12/31/10	1,629,018	2,440,889	811,871	66.74%	1,247,286	65.09%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$776,532. On a market basis, the funded ratio would be 53.87%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Regional Office of Education #17. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FUNDING PROGRESS -
OTHER POSTEMPLOYMENT BENEFITS
(Unaudited)
June 30, 2013

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
2013	6/30/11	\$ -	\$ 125,262	\$ 125,262	0.0%	\$ 1,193,931	10.5%
2012	6/30/11	-	125,262	125,262	0.0%	1,441,971	8.7%
2011	6/30/11	-	125,262	125,262	0.0%	1,593,039	7.9%

SUPPLEMENTARY INFORMATION

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND ACCOUNTS
June 30, 2013**

SCHEDULE 1

	<u>County Fund</u>	<u>Indirect Cost and Interest Fund</u>	<u>Regional Safe Schools</u>	<u>Regional Alternative School</u>	<u>I-SCORE</u>
ASSETS					
Cash and cash equivalents	\$ 171,306	\$ -	\$ 486,139	\$ 1,329,826	\$ 43,702
Due from other governments	-	-	22,894	171,166	9,000
Due from other funds	22,906	-	-	25,287	-
Prepays	2,341	-	-	-	-
Total assets	<u>196,553</u>	<u>-</u>	<u>509,033</u>	<u>1,526,279</u>	<u>52,702</u>
DEFERRED OUTFLOWS OF RESOURCES					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	<u>\$ 196,553</u>	<u>\$ -</u>	<u>\$ 509,033</u>	<u>\$ 1,526,279</u>	<u>\$ 52,702</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 430	\$ -	\$ -
Accrued expenses	-	-	62,003	85,705	-
Total liabilities	<u>-</u>	<u>-</u>	<u>62,433</u>	<u>85,705</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Nonspendable	2,341	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	194,212	-	446,600	1,440,574	52,702
Total fund balance	<u>196,553</u>	<u>-</u>	<u>446,600</u>	<u>1,440,574</u>	<u>52,702</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
	<u>\$ 196,553</u>	<u>\$ -</u>	<u>\$ 509,033</u>	<u>\$ 1,526,279</u>	<u>\$ 52,702</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND ACCOUNTS
June 30, 2013**

**SCHEDULE 1
(CONTINUED)**

	<u>Chestnut</u>	<u>Donations Literacy Inservice</u>	<u>Juvenile Justice Council</u>	<u>Illinois Educators' Roundtable</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 102,819	\$ 56,157	\$ 14,299	\$ 9,053	\$ 2,213,301
Due from other governments	63,400	-	2,500	-	268,960
Due from other funds	11,696	4,061	-	-	63,950
Prepays	521	-	-	-	2,862
Total assets	178,436	60,218	16,799	9,053	2,549,073
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 178,436	\$ 60,218	\$ 16,799	\$ 9,053	\$ 2,549,073
LIABILITIES					
Accounts payable	\$ 67	\$ -	\$ -	\$ -	\$ 497
Accrued expenses	118	-	-	-	147,826
Total liabilities	185	-	-	-	148,323
DEFERRED INFLOWS OF RESOURCES					
None	-	-	-	-	-
FUND BALANCE					
Nonspendable	521	-	-	-	2,862
Assigned	-	-	-	9,053	9,053
Unassigned	177,730	60,218	16,799	-	2,388,835
Total fund balance	178,251	60,218	16,799	9,053	2,400,750
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 178,436	\$ 60,218	\$ 16,799	\$ 9,053	\$ 2,549,073

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2013**

SCHEDULE 2

	<u>County Fund</u>	<u>Indirect Cost and Interest Fund</u>	<u>Regional Safe Schools</u>	<u>Regional Alternative School</u>	<u>I-SCORE</u>
REVENUES:					
Local sources	\$ 429,464	\$ -	\$ 157,982	\$ 130,569	\$ 54,228
State sources	-	-	725,882	925,717	-
Federal sources	-	-	38,174	-	-
On-behalf payments	<u>632,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,061,621</u>	<u>-</u>	<u>922,038</u>	<u>1,056,286</u>	<u>54,228</u>
EXPENDITURES:					
Instructional services:					
Salaries	219,893	-	524,551	707,026	-
Employee benefits	90,650	-	100,727	199,580	-
Purchased services	136,179	-	60,684	140,682	1,526
Supplies and materials	5,995	-	36,483	4,978	-
Payments to other governments	-	-	-	91,250	-
Other objects	2,738	-	-	3,000	-
On-behalf payments	632,157	-	-	-	-
Capital outlay	<u>32,403</u>	<u>-</u>	<u>5,095</u>	<u>27,186</u>	<u>-</u>
Total expenditures	<u>1,120,015</u>	<u>-</u>	<u>727,540</u>	<u>1,173,702</u>	<u>1,526</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(58,394)</u>	<u>-</u>	<u>194,498</u>	<u>(117,416)</u>	<u>52,702</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	1,564	8,542	-	-	-
Transfers out	<u>(5,606)</u>	<u>(360)</u>	<u>-</u>	<u>(14,161)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,042)</u>	<u>8,182</u>	<u>-</u>	<u>(14,161)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	(62,436)	8,182	194,498	(131,577)	52,702
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>258,989</u>	<u>(8,182)</u>	<u>252,102</u>	<u>1,572,151</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 196,553</u>	<u>\$ -</u>	<u>\$ 446,600</u>	<u>\$ 1,440,574</u>	<u>\$ 52,702</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 Year Ended June 30, 2013

SCHEDULE 2
 (CONTINUED)

	<u>Chestnut</u>	<u>Donations Literacy Inservice</u>	<u>Juvenile Justice Council</u>	<u>Illinois Educators' Roundtable</u>	<u>Totals</u>
REVENUES:					
Local sources	\$ 240,921	\$ 19,628	\$ 31,066	\$ 500	\$ 1,064,358
State sources	-	-	-	-	1,651,599
Federal sources	-	-	-	-	38,174
On-behalf payments	-	-	-	-	632,157
Total revenues	<u>240,921</u>	<u>19,628</u>	<u>31,066</u>	<u>500</u>	<u>3,386,288</u>
EXPENDITURES:					
Instructional services:					
Salaries	79,996	1,378	-	-	1,532,844
Employee benefits	16,783	317	-	-	408,057
Purchased services	7,130	6,536	14,805	4,565	372,107
Supplies and materials	5,577	896	-	-	53,929
Payments to other governments	-	-	-	-	91,250
Other objects	-	-	-	-	5,738
On-behalf payments	-	-	-	-	632,157
Capital outlay	-	-	-	-	64,684
Total expenditures	<u>109,486</u>	<u>9,127</u>	<u>14,805</u>	<u>4,565</u>	<u>3,160,766</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>131,435</u>	<u>10,501</u>	<u>16,261</u>	<u>(4,065)</u>	<u>225,522</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	1,585	-	-	11,691
Transfers out	-	(671)	-	-	(20,798)
Total other financing sources (uses)	<u>-</u>	<u>914</u>	<u>-</u>	<u>-</u>	<u>(9,107)</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>131,435</u>	<u>11,415</u>	<u>16,261</u>	<u>(4,065)</u>	<u>216,415</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>46,816</u>	<u>48,803</u>	<u>538</u>	<u>13,118</u>	<u>2,184,335</u>
FUND BALANCE, END OF YEAR	<u>\$ 178,251</u>	<u>\$ 60,218</u>	<u>\$ 16,799</u>	<u>\$ 9,053</u>	<u>\$ 2,400,750</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
Year Ended June 30, 2013**

	Regional Safe Schools			Variance with Final Budget
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES:				
Local sources	\$ -	\$ -	\$ 157,982	\$ 157,982
State sources	114,217	114,217	725,882	611,665
Federal sources	-	-	38,174	38,174
Total revenues	114,217	114,217	922,038	807,821
EXPENDITURES:				
Instructional services:				
Salaries	81,752	81,268	524,551	(443,283)
Employee benefits	20,856	19,017	100,727	(81,710)
Purchased services	11,609	13,932	60,684	(46,752)
Supplies and materials	-	-	36,483	(36,483)
Capital outlay	-	-	5,095	(5,095)
Total expenditures	114,217	114,217	727,540	(613,323)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	194,498	\$ 194,498
FUND BALANCE, BEGINNING OF YEAR			252,102	
FUND BALANCE, END OF YEAR			\$ 446,600	

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2013

SCHEDULE 4

	<u>D.O.R.S.</u>	<u>Secretary</u>	<u>Truants</u>	<u>Adult</u>	<u>SOS</u>	<u>Evenstart</u>
	<u>Program</u>	<u>of State's</u>	<u>Alternative/</u>	<u>Education</u>	<u>Family</u>	<u>Family</u>
	<u>Step</u>	<u>Literacy</u>	<u>Optional</u>	<u>Programs</u>	<u>Literacy</u>	<u>Literacy</u>
	<u>Grant</u>	<u>Grant</u>	<u>Education</u>			
ASSETS						
Cash and cash equivalents	\$ 28,865	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	4,270	-	-	-	-	-
Total assets	33,135	-	-	-	-	-
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
	\$ 33,135	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES						
None	-	-	-	-	-	-
FUND BALANCE (DEFICIT)						
Restricted	33,135	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance (deficit)	33,135	-	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)						
	\$ 33,135	\$ -	\$ -	\$ -	\$ -	\$ -

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2013

SCHEDULE 4
 (CONTINUED)

	English Language Civics <u>Grant</u>	Illinois Violence Prevention <u>Authority</u>	Continuum of Care	Heart of Illinois Low <u>Incidence</u>	Title II Teacher Quality <u>Leadership</u>	ROE/ISC Operations <u>Fund</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ 7,235	\$ -	\$ 195,065	\$ -	\$ 23,412
Due from other governments	-	838	7,625	159,301	14,000	-
Total assets	-	8,073	7,625	354,366	14,000	23,412
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
	\$ -	\$ 8,073	\$ 7,625	\$ 354,366	\$ 14,000	\$ 23,412
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	244,716	-	-
Due to other funds	-	838	4,061	-	14,000	-
Total liabilities	-	838	4,061	244,716	14,000	-
DEFERRED INFLOWS OF RESOURCES						
None	-	-	-	-	-	-
FUND BALANCE (DEFICIT)						
Restricted	-	7,235	3,564	109,650	-	23,412
Unassigned	-	-	-	-	-	-
Total fund balance (deficit)	-	7,235	3,564	109,650	-	23,412
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)						
	\$ -	\$ 8,073	\$ 7,625	\$ 354,366	\$ 14,000	\$ 23,412

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2013**

**SCHEDULE 4
(CONTINUED)**

	Respro Title I	SCORE United Way	McKinney Homeless Grant	Transitional Specialist	Juvenile Detention Center	ARRA Title I - School Improvement	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ 28,206	\$ -	\$ -	\$ 291	\$ -	\$ 283,074
Due from other governments	14,181	-	11,287	22,906	11,696	-	246,104
Total assets	<u>14,181</u>	<u>28,206</u>	<u>11,287</u>	<u>22,906</u>	<u>11,987</u>	<u>-</u>	<u>529,178</u>
DEFERRED OUTFLOWS OF RESOURCES							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 14,181</u>	<u>\$ 28,206</u>	<u>\$ 11,287</u>	<u>\$ 22,906</u>	<u>\$ 11,987</u>	<u>\$ -</u>	<u>\$ 529,178</u>
LIABILITIES							
Accounts payable	\$ -	\$ 71	\$ -	\$ -	\$ 410	\$ -	\$ 481
Due to other governments	-	-	-	-	-	-	244,716
Due to other funds	14,181	-	11,287	22,906	11,696	-	78,969
Total liabilities	<u>14,181</u>	<u>71</u>	<u>11,287</u>	<u>22,906</u>	<u>12,106</u>	<u>-</u>	<u>324,166</u>
DEFERRED INFLOWS OF RESOURCES							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)							
Restricted	-	28,135	-	-	-	-	205,131
Unassigned	-	-	-	-	(119)	-	(119)
Total fund balance (deficit)	<u>-</u>	<u>28,135</u>	<u>-</u>	<u>-</u>	<u>(119)</u>	<u>-</u>	<u>205,012</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 14,181</u>	<u>\$ 28,206</u>	<u>\$ 11,287</u>	<u>\$ 22,906</u>	<u>\$ 11,987</u>	<u>\$ -</u>	<u>\$ 529,178</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2013

SCHEDULE 5

	D.O.R.S.	Secretary	Truants	Adult	SOS	Evenstart
	Program	of State's	Alternative/	Education	Family	Family
	Step	Literacy	Optional	Programs	Literacy	Literacy
	<u>Grant</u>	<u>Grant</u>	<u>Education</u>	<u>Programs</u>	<u>Literacy</u>	<u>Literacy</u>
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ 223	\$ -	\$ 154
State sources	7,496	66,932	71,990	42,289	805	-
Federal sources	93,757	-	-	-	-	-
Total revenues	101,253	66,932	71,990	42,512	805	154
EXPENDITURES:						
Instructional services:						
Salaries	-	40,001	62,832	-	-	-
Employee benefits	-	4,147	4,208	-	-	-
Purchased services	-	10,146	5,290	-	-	-
Supplies and materials	-	10,706	113	-	-	-
Payments to other governments	58,473	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	58,473	65,000	72,443	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	42,780	1,932	(453)	42,512	805	154
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	448	-	-	-
Transfers out	-	-	-	(234)	(805)	(544)
Total other financing sources (uses)	-	-	448	(234)	(805)	(544)
NET CHANGE IN FUND BALANCE (DEFICIT)	42,780	1,932	(5)	42,278	-	(390)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(9,645)	(1,932)	5	(42,278)	-	390
FUND BALANCE (DEFICIT), END OF YEAR	\$ 33,135	\$ -	\$ -	\$ -	\$ -	\$ -

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2013**

**SCHEDULE 5
(CONTINUED)**

	<u>English Language Civics Grant</u>	<u>Illinois Violence Prevention Authority</u>	<u>Continuum of Care</u>	<u>Heart of Illinois Low Incidence</u>	<u>Title II Teacher Quality Leadership</u>	<u>ROE/ISC Operations Fund</u>
REVENUES:						
Local sources	\$ -	\$ 2,028	\$ -	\$ 1,155,172	\$ -	\$ -
State sources	-	20,953	-	-	-	39,364
Federal sources	-	-	30,706	-	14,000	-
Total revenues	<u>-</u>	<u>22,981</u>	<u>30,706</u>	<u>1,155,172</u>	<u>14,000</u>	<u>39,364</u>
EXPENDITURES:						
Instructional services:						
Salaries	-	13,566	17,509	11,687	-	-
Employee benefits	-	1,038	7,789	4,785	-	-
Purchased services	-	5,056	1,844	929,342	14,000	39,364
Supplies and materials	-	538	-	-	-	-
Payments to other governments	-	1,256	-	208,773	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>21,454</u>	<u>27,142</u>	<u>1,154,587</u>	<u>14,000</u>	<u>39,364</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,527</u>	<u>3,564</u>	<u>585</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	2,347	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	2,347	1,527	3,564	585	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(2,347)</u>	<u>5,708</u>	<u>-</u>	<u>109,065</u>	<u>-</u>	<u>23,412</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ 7,235</u>	<u>\$ 3,564</u>	<u>\$ 109,650</u>	<u>\$ -</u>	<u>\$ 23,412</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2013

SCHEDULE 5
(CONTINUED)

	<u>Respro Title I</u>	<u>SCORE United Way</u>	<u>McKinney Homeless Grant</u>	<u>Transitional Specialist</u>	<u>Juvenile Detention Center</u>	<u>ARRA Title I - School Improvement</u>	<u>Totals</u>
REVENUES:							
Local sources	\$ 16	\$ 60,000	\$ -	\$ 10,000	\$ 45,523	\$ 171	\$ 1,273,287
State sources	-	-	-	15,000	-	-	264,829
Federal sources	<u>77,951</u>	<u>-</u>	<u>21,743</u>	<u>35,606</u>	<u>-</u>	<u>-</u>	<u>273,763</u>
Total revenues	<u>77,967</u>	<u>60,000</u>	<u>21,743</u>	<u>60,606</u>	<u>45,523</u>	<u>171</u>	<u>1,811,879</u>
EXPENDITURES:							
Instructional services:							
Salaries	27,150	17,035	17,312	47,380	30,913	-	285,385
Employee benefits	2,040	503	1,324	12,655	2,963	-	41,452
Purchased services	26,650	26,924	2,372	3,172	-	-	1,064,160
Supplies and materials	12,162	3,599	735	96	6,891	-	34,840
Payments to other governments	9,965	-	-	-	-	-	278,467
Capital outlay	-	17,375	-	-	4,875	-	22,250
Total expenditures	<u>77,967</u>	<u>65,436</u>	<u>21,743</u>	<u>63,303</u>	<u>45,642</u>	<u>-</u>	<u>1,726,554</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(5,436)</u>	<u>-</u>	<u>(2,697)</u>	<u>(119)</u>	<u>171</u>	<u>85,325</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	8,250	-	1,132	4,805	-	-	16,982
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(171)</u>	<u>(1,754)</u>
Total other financing sources (uses)	<u>8,250</u>	<u>-</u>	<u>1,132</u>	<u>4,805</u>	<u>-</u>	<u>(171)</u>	<u>15,228</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	8,250	(5,436)	1,132	2,108	(119)	-	100,553
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(8,250)</u>	<u>33,571</u>	<u>(1,132)</u>	<u>(2,108)</u>	<u>-</u>	<u>-</u>	<u>104,459</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ 28,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (119)</u>	<u>\$ -</u>	<u>\$ 205,012</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2013

SCHEDULE 6

	Secretary of State's Literacy Grant				Truants Alternative/Optional Education				Title II Teacher Quality Leadership			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final			Original	Final		
REVENUES:												
State sources	\$ 65,000	\$ 65,000	\$ 66,932	\$ 1,932	\$ 71,990	\$ 71,990	\$ 71,990	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-	-	-	14,900	14,900	14,000	(900)
Total revenues	65,000	65,000	66,932	1,932	71,990	71,990	71,990	-	14,900	14,900	14,000	(900)
EXPENDITURES:												
Instructional services:												
Salaries	41,516	44,152	40,001	4,151	60,245	62,936	62,832	104	-	-	-	-
Employee benefits	-	-	4,147	(4,147)	5,822	3,651	4,208	(557)	-	-	-	-
Purchased services	10,985	8,212	10,146	(1,934)	5,828	5,290	5,290	-	14,900	14,900	14,000	900
Supplies and materials	12,499	12,636	10,706	1,930	95	113	113	-	-	-	-	-
Total expenditures	65,000	65,000	65,000	-	71,990	71,990	72,443	(453)	14,900	14,900	14,000	900
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	1,932	\$ 1,932	\$ -	\$ -	(453)	\$ (453)	\$ -	\$ -	-	\$ -
OTHER FINANCING SOURCES:												
Transfers in			-				448				-	
NET CHANGE IN FUND BALANCE (DEFICIT)			1,932				(5)				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(1,932)				5				-	
FUND BALANCE, END OF YEAR			\$ -				\$ -				\$ -	

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2013

SCHEDULE 6
 (CONTINUED)

	ROE/ISC Operations Fund				McKinney Homeless Grant			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
State sources	\$ 39,364	\$ 39,364	\$ 39,364	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	20,443	21,743	21,743	-
Total revenues	39,364	39,364	39,364	-	20,443	21,743	21,743	-
EXPENDITURES:								
Instructional services:								
Salaries	-	-	-	-	16,847	16,994	17,312	(318)
Employee benefits	-	-	-	-	1,396	1,659	1,324	335
Purchased services	39,364	39,364	39,364	-	1,600	2,200	2,372	(172)
Supplies and materials	-	-	-	-	600	890	735	155
Total expenditures	39,364	39,364	39,364	-	20,443	21,743	21,743	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	-
OTHER FINANCING SOURCES:								
Transfers in			-				1,132	
NET CHANGE IN FUND BALANCE (DEFICIT)			-				1,132	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			23,412				(1,132)	
FUND BALANCE, END OF YEAR			\$ 23,412				\$ -	

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2013**

SCHEDULE 7

	Bus Driver <u>Training</u>	General Education <u>Development</u>	<u>Supervisory</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 3,655	\$ 20,472	\$ 2,421	\$ 26,548
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,655	\$ 20,472	\$ 2,421	\$ 26,548
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
FUND BALANCE				
Restricted	3,655	20,472	2,421	26,548
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 3,655	\$ 20,472	\$ 2,421	\$ 26,548

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2013**

	Bus Driver <u>Training</u>	General Education <u>Development</u>	<u>Supervisory</u>	<u>Totals</u>
REVENUES:				
Local sources	\$ 6,608	\$ 20,852	\$ -	\$ 27,460
State sources	1,546	-	-	1,546
Total revenues	<u>8,154</u>	<u>20,852</u>	<u>-</u>	<u>29,006</u>
EXPENDITURES:				
Instructional services:				
Salaries	6,059	15,457	-	21,516
Employee benefits	3,119	7,843	-	10,962
Purchased services	4,195	14,178	1,032	19,405
Supplies and materials	24	8,882	-	8,906
Other objects	16	33	-	49
Total expenditures	<u>13,413</u>	<u>46,393</u>	<u>1,032</u>	<u>60,838</u>
NET CHANGE IN FUND BALANCE	(5,259)	(25,541)	(1,032)	(31,832)
FUND BALANCE, BEGINNING OF YEAR	<u>8,914</u>	<u>46,013</u>	<u>3,453</u>	<u>58,380</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,655</u>	<u>\$ 20,472</u>	<u>\$ 2,421</u>	<u>\$ 26,548</u>

**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2013**

	<u>Distributive Fund</u>	<u>Regional Board of School Trustees Fund</u>	<u>Cooperative Purchasing Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,399	\$ 2,302	\$ -	\$ 3,701
Due from other governments	<u>-</u>	<u>-</u>	<u>135,262</u>	<u>135,262</u>
TOTAL ASSETS	<u>\$ 1,399</u>	<u>\$ 2,302</u>	<u>\$ 135,262</u>	<u>\$ 138,963</u>
LIABILITIES				
Due to other governments	<u>\$ 1,399</u>	<u>\$ 2,302</u>	<u>\$ 135,262</u>	<u>\$ 138,963</u>

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2013

SCHEDULE 10

	<u>Balance,</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2013</u>
DISTRIBUTIVE FUND				
ASSETS				
Cash and cash equivalents	\$ 870,057	\$ 6,454,532	\$ 7,323,190	\$ 1,399
LIABILITIES				
Due to other governments	\$ 870,057	\$ 6,454,532	\$ 7,323,190	\$ 1,399
 REGIONAL BOARD OF SCHOOL TRUSTEES FUND				
ASSETS				
Cash and cash equivalents	\$ 1,106	\$ 1,500	\$ 304	\$ 2,302
LIABILITIES				
Due to other governments	\$ 1,106	\$ 1,500	\$ 304	\$ 2,302
 COOPERATIVE PURCHASING FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 556,553	\$ 556,553	\$ -
Due from other governments	312,148	135,262	312,148	135,262
TOTAL ASSETS	<u>\$ 312,148</u>	<u>\$ 691,815</u>	<u>\$ 868,701</u>	<u>\$ 135,262</u>
LIABILITIES				
Due to other governments	\$ 312,148	\$ 691,815	\$ 868,701	\$ 135,262
 TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 871,163	\$ 7,012,585	\$ 7,880,047	\$ 3,701
Due from other governments	312,148	135,262	312,148	135,262
TOTAL ASSETS	<u>\$ 1,183,311</u>	<u>\$ 7,147,847</u>	<u>\$ 8,192,195</u>	<u>\$ 138,963</u>
LIABILITIES				
Due to other governments	\$ 1,183,311	\$ 7,147,847	\$ 8,192,195	\$ 138,963

DEWITT, LIVINGSTON, AND MCLEAN COUNTIES

SCHEDULE 11

REGIONAL OFFICE OF EDUCATION #17

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES

DISTRIBUTIVE FUND

Year Ended June 30, 2013

<u>Program</u>	<u>Cornell District 426</u>	<u>Livingston County Special Services</u>	<u>Mackinaw Valley Special Education</u>	<u>Rooks Creek CSD 425</u>	<u>Regional Office of Education</u>	<u>Totals</u>
Interest	\$ -	\$ -	\$ -	\$ -	\$ 2,261	\$ 2,261
General State Aid	229,192	-	-	22,713	1,536,387	1,788,292
Special Education Extraordinary	19,198	-	-	8,388	-	27,586
Special Education Personnel	9,000	410,387	11,250	4,312	156,203	591,152
Illinois Free Lunch	500	396	-	113	1,053	2,062
ICCB Adult Education Basic	-	-	-	-	28,256	28,256
ICCB Adult Education Performance	-	-	-	-	29,088	29,088
ICCB Adult Education Public	-	-	-	-	11,718	11,718
Transportation Regular	28,574	-	-	95,876	-	124,450
Transportation Special Education	19,580	7,697	-	4,152	-	31,429
School Bus Driver Training	-	-	-	-	1,546	1,546
Truant Alternative Optional Education	-	-	-	-	79,510	79,510
Regional Safe School Program	-	-	-	-	133,143	133,143
Early Childhood Block Grant	-	-	-	-	37,500	37,500
ROE/ISC Operations	-	-	-	-	39,364	39,364
Medicaid District	-	46,332	-	-	-	46,332
National School Lunch Program	15,198	8,082	-	3,679	15,397	42,356
National School Breakfast Program	5,410	5,400	-	1,099	10,001	21,910
Title I Low Income	18,991	-	-	-	-	18,991
Preschool Special Ed.	-	57,275	69,487	-	-	126,762
IDEA Special Ed. Flow Through	-	1,265,976	2,864,926	-	-	4,130,902
ARRA Title I - School Improvement	-	-	-	-	2,458	2,458
Title II Teacher Quality	3,422	-	-	2,700	-	6,122
Totals	\$ 349,065	\$ 1,801,545	\$ 2,945,663	\$ 143,032	\$ 2,083,885	\$ 7,323,190