

**STATE OF ILLINOIS
MADISON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 41**

**FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2014**

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

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MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

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**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Dr. Robert A. Daiber

Assistant Regional Superintendent
(current and during the audit period)

Mr. Andrew Reinking

Office is located at:

157 N. Main Street, Ste 438
Edwardsville, Illinois 62025-1966

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
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

Number of	This Audit	Prior Audit
Audit findings	1	1
Repeated audit findings	—	—
Prior recommendations implemented or not repeated	1	3

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

SCHEDULE OF FINDINGS AND RESPONSES

Item No.	Page	Description	Finding Type
<i>FINDING (GOVERNMENT AUDITING STANDARDS)</i>			
2014-001	11	Improper Recording of Cash	Significant Deficiency
<i>PRIOR FINDING NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
2013-001	14	Controls Over Deposits and Receipts	Significant Deficiency

EXIT CONFERENCE

The finding and recommendation appearing in this report was discussed with ROE No. 41 personnel at an exit conference (via teleconference) on March 3, 2015. Attending were:

Madison County Regional Office of Education No. 41 (ROE No. 41)

Dr. Robert Daiber, Regional Superintendent
 Andrew Reinking, Assistant Regional Superintendent
 Dennis Brueggemann, Administrative Assistant for Finance
 Wanda Stoecklin, Bookkeeper
 Howard Held, Consultant (Scheffel Boyle CPA)

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
FINANCIAL REPORT SUMMARY**

EXIT CONFERENCE (Continued)

E. C. Ortiz & Co., LLP

Leilani Rodrigo, Partner
Cecilia Lazaro, Manager

The response to the recommendation was provided by Dennis Brueggemann, Administrative Assistant for Finance, in a letter dated February 26, 2015.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Madison County Regional Office of Education No. 41 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Madison County Regional Office of Education No. 41'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 Madison County Regional Office of Education No. 41, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Madison County Regional Office of Education No. 41'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 Madison County Regional Office of Education No. 41, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15 through 22, the Other Post Employment Benefits - Schedule of Funding Progress and the Other Post Employment Benefits Plan - Schedule of Employer Contributions on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

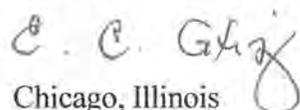
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison County Regional Office of Education No. 41's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information

directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements 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 April 15, 2015 on our consideration of the Madison County Regional Office of Education No. 41'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 Madison County Regional Office of Education No. 41's internal control over financial reporting and compliance.

 → Co-LLT
Chicago, Illinois
April 15, 2015



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Regional Office of Education No. 41, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Madison County Regional Office of Education No. 41's basic financial statements, and have issued our report thereon dated April 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Madison County Regional Office of Education No. 41's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madison County Regional Office of Education No. 41's internal control. Accordingly, we do not express an opinion on the effectiveness of the Madison County Regional Office of Education No. 41's internal control.

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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2014-001 that we consider to be a significant deficiency.

Compliance and Other Matters

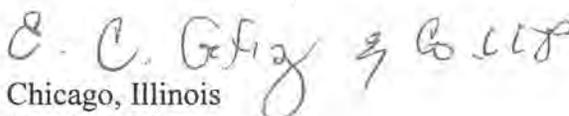
As part of obtaining reasonable assurance about whether the Madison County Regional Office of Education No. 41's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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*.

Madison County Regional Office of Education No. 41's Response to the Finding

The Madison County Regional Office of Education No. 41's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Madison County Regional Office of Education No. 41's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Madison County Regional Office of Education No. 41's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Madison County Regional Office of Education No. 41's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Chicago, Illinois
April 15, 2015

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND RESPONSES
SECTION I - SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2014**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified ✓ Yes None reported

Noncompliance material to financial statements noted? Yes ✓ No

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDING
FOR THE YEAR ENDED JUNE 30, 2014

FINDING NO. 2014-001 - Improper Recording of Cash

Criteria/Specific Requirement:

Generally accepted accounting principles and the significant accounting policies of Madison County Regional Office of Education No. 41 (ROE No. 41) consider cash and all highly liquid investments with an original maturity of three months or less from the date of acquisition to be cash equivalents. Sound internal controls require that accounting records accurately and completely record all transactions of the entity. Balances in the general ledger accounts should be reconciled with statements of accounts on a regular basis and adjustments recorded timely and correctly in the general ledger. Also, the “due from governmental agencies” account should only include balances that were uncollected at fiscal yearend.

Condition:

ROE No. 41’s Institute Fund account receives money electronically from the Illinois State Board of Education (ISBE) related to the teacher certification licensure processing. As of June 30, 2014, the cash balance of the ROE No. 41 totaling \$1,510,543 did not include the \$44,543 bank balance in the Institute Illinois Funds account. This amount was instead recorded in the ROE No. 41’s general ledger under due from other governmental agencies account. In addition, no formal monthly bank reconciliations were prepared for the Illinois Funds account during the fiscal year. After auditors’ notification, the ROE No. 41 made an adjusting entry to properly account for these transactions.

Effect:

The cash and cash equivalents account was understated by \$44,543 and the due from other governmental agencies account was overstated by the same amount. Failure to properly record transactions at fiscal yearend may result in inaccurate financial statements and increases the risk of undetected misappropriation of assets.

Cause:

According to the ROE No. 41 management, the Illinois Funds account cash balance was not recorded as part of the ROE No. 41’s total cash balance because the monies were not received yet into one of the ROE No. 41’s local financial institution bank accounts. It has been the ROE No. 41’s practice to record the cash upon transfer to their local bank account. The ROE No. 41 also reconciled the monthly interim balance of the account to activity reports from the State of Illinois which was deemed sufficient.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDING
FOR THE YEAR ENDED JUNE 30, 2014

FINDING NO. 2014-001 - Improper Recording of Cash (Continued)

Auditors' Recommendation:

The ROE No. 41 should ensure that all transactions are properly accounted and recorded for accurate financial reporting. Bank reconciliations should be performed on all bank accounts on a regular basis.

Management's Response:

Management agrees with the finding. The ROE No. 41 made the adjusting journal entry to provide for accurate financial reporting of the Illinois Funds account. A bank reconciliation will be performed on this account using the same policies and procedures performed on the ROE No. 41's other bank accounts.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDING
FOR THE YEAR ENDED JUNE 30, 2014**

FINDING NO. 2014-001 - Improper Recording of Cash

Condition:

ROE No. 41's Institute Fund account receives money electronically from the Illinois State Board of Education (ISBE) related to the teacher certification licensure processing. As of June 30, 2014, the cash balance of the ROE No. 41 totaling \$1,510,543 did not include the \$44,543 bank balance in the Institute Illinois Funds account. This amount was instead recorded in the ROE No. 41's general ledger under due from other governmental agencies account. In addition, no formal monthly bank reconciliations were prepared for the Illinois Funds account during the fiscal year. After auditors' notification, the ROE No. 41 made an adjusting entry to properly account for these transactions.

Plan:

On a monthly basis, a formal reconciliation of the Illinois Funds account will be performed. A monthly subsidiary ledger will be created to show a detail of all deposits in the account. A separate asset account showing the cash activity in the Illinois Funds account has been added to the general ledger.

Anticipated Date of Completion:

November 30, 2014

Name of Contact Person:

Dennis Brueggemann, Administrative Assistant for Finance

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2013-001	Controls Over Deposits and Receipts	Not Repeated

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014**

As management of Madison County Regional Office of Education No. 41 (ROE No. 41), we offer readers a review of our financial statements and an analysis of the financial activities of the ROE No. 41 for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with ROE No. 41's financial statements, which follow this section.

2014 Financial Highlights

- The assets of the ROE No. 41 exceeded its liabilities by \$1,202,076 (total net position). The total net position decreased by \$456,114 or 28%.
- Charges for services for the governmental activities decreased by \$147,953 or 16% while the business-type activities increased by \$30,612 or 21% in FY 2014. The decrease in governmental activities resulted from a decrease in the number of programs and in registration fees for workshops and technology trainings during FY 2014. The increase in business-type activities was due to the addition of the fingerprinting and testing services provided.
- Operating grant monies received by ROE No. 41 did not significantly change in comparison to prior year. Total revenues from operating grants decreased by \$12,635 or 1%.
- Total expenses decreased by \$256,491 or 7% due to a decrease in spending mostly due to the decrease in funding for federal or State programs.

Overview of the Financial Statements

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE No. 41's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the ROE No. 41 as a whole and present an overall view of the ROE No. 41's finances.
- *Fund financial statements* illustrate how governmental services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the ROE No. 41's operations in more detail than the government-wide statements by providing information about the most significant funds.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014**

- *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements, and other supplementary information includes combining financial statements and budgetary information for certain General Fund accounts, Education Fund accounts and other non-major funds.

The Statement of Net Position and the Statement of Activities

The government-wide financial statements are designed to provide readers with a broad overview of ROE No. 41’s finances, in a manner similar to private-sector businesses.

The Statement of Net Position presents information on all of ROE No. 41’s assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of ROE No. 41 is improving or deteriorating.

The Statement of Activities presents information showing how ROE No. 41’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, ROE No. 41’s activities are divided into two categories:

- *Governmental activities:* Most of ROE No. 41’s basic services are included here, such as regular and special education instruction, instructional staff support services and administration. Federal, State, and local grants and contributions finance many of these activities.
- *Business-type activities:* ROE No. 41 charges fees to help cover the costs of certain services it provides, such as workshops, conferences and teacher certification.

Fund Financial Statements

The fund financial statements provide detailed information about ROE No. 41’s funds, focusing on its most significant or “major” funds, not ROE No. 41 as a whole. Funds are accounting devices ROE No. 41 used to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. ROE No. 41 establishes other funds to control and manage money for particular purposes, such as educational instruction in specific areas or in

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014**

order to show that it is properly using certain revenues, such as federal grants. All of the funds of ROE No. 41 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds account for most of ROE No. 41's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. 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 programs. Because the governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the statements. By doing so, the readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental funds include all general and special revenue funds. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

Proprietary Funds. ROE No. 41 maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. ROE No. 41 uses enterprise funds to account for educational services for which it charges a fee. Proprietary fund statements provide the same type of information as the government-wide financial statements, but with more detail and additional information, such as cash flows. The proprietary fund financial statements provide separate information for the Technology Hub, SIP Workshop, and ROE Administrative funds.

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support ROE No. 41's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. ROE No. 41's net position at the end of FY 2014 and FY 2013 totaled \$1,202,076 and \$1,658,190, respectively. The analysis that follows provides a summary of the ROE No. 41's net position as of June 30.

CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
ASSETS						
Current assets	\$ 1,254,290	\$ 1,528,342	\$ 405,065	\$ 511,872	\$1,659,355	\$2,040,214
Noncurrent assets	26,529	45,692	4,283	1,524	30,812	47,216
TOTAL ASSETS	1,280,819	1,574,034	409,348	513,396	1,690,167	2,087,430
LIABILITIES						
Current liabilities	166,379	140,832	9,353	33,641	175,732	174,473
Noncurrent liabilities	312,359	254,767	–	–	312,359	254,767
TOTAL LIABILITIES	478,738	395,599	9,353	33,641	488,091	429,240
NET POSITION						
Net investment in capital assets	25,529	44,692	4,283	1,524	29,812	46,216
Restricted for educational purposes	506,527	449,985	–	–	506,527	449,985
Unrestricted	270,025	683,758	395,712	478,231	665,737	1,161,989
TOTAL NET POSITION	\$ 802,081	\$ 1,178,435	\$ 399,995	\$ 479,755	\$1,202,076	\$1,658,190

For FY 2014, total assets which is comprised mostly of cash and receivables, decreased by \$397,263 while total liabilities increased by \$58,851. The change in the total assets was mainly due to the reduction in funding received from both federal and State during the current fiscal year. Also, the change in total liabilities is mainly due to the increase in Other Post Employment Benefits (OPEB).

As indicated above, ROE No. 41 reported positive net position for both the governmental and business-type activities. The assets of ROE No. 41 exceeded its liabilities at the close of the year by \$1,202,076 (net position). The net investment in capital assets was \$29,812 at the end of fiscal year 2014. ROE No. 41 uses these capital assets in providing services to its citizens, consequently, these assets are not available for future spending. In addition, net position related to educational grants and contracts are considered restricted for educational purposes.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014**

CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 770,328	\$ 918,281	\$ 178,792	\$ 148,180	\$ 949,120	\$ 1,066,461
Operating grants and contributions	912,837	925,472	-	-	912,837	925,472
General revenues:						
Interest income	7,971	10,324	3,124	3,637	11,095	13,961
On-behalf payments - State	627,675	584,099	-	-	627,675	584,099
On-behalf payments - local	647,135	637,610	-	-	647,135	637,610
Total revenues	<u>2,965,946</u>	<u>3,075,786</u>	<u>181,916</u>	<u>151,817</u>	<u>3,147,862</u>	<u>3,227,603</u>
Expenses:						
Salaries and benefits	1,653,106	1,708,399	74,999	157,397	1,728,105	1,865,796
Purchased services	325,508	375,360	125,861	101,749	451,369	477,109
Supplies and materials	44,745	104,703	54,942	11,828	99,687	116,531
Depreciation	16,614	31,382	1,524	3,291	18,138	34,673
Payments to other governments	21,368	129,763	-	-	21,368	129,763
Miscellaneous	3,926	8,313	100	100	4,026	8,413
On-behalf payments - State	627,675	584,099	-	-	627,675	584,099
On-behalf payments - local	647,135	637,610	-	-	647,135	637,610
Total expenses	<u>3,340,077</u>	<u>3,579,629</u>	<u>257,426</u>	<u>274,365</u>	<u>3,597,503</u>	<u>3,853,994</u>
Loss before other financing sources (uses)	<u>(374,131)</u>	<u>(503,843)</u>	<u>(75,510)</u>	<u>(122,548)</u>	<u>(449,641)</u>	<u>(626,391)</u>
Other financing sources (uses)						
Loss on disposal of assets	(4,724)	(12,921)	(1,749)	-	(6,473)	(12,921)
Transfers in (out)	2,501	-	(2,501)	-	-	-
Total other financing uses	<u>(2,223)</u>	<u>(12,921)</u>	<u>(4,250)</u>	<u>-</u>	<u>(6,473)</u>	<u>(12,921)</u>
Change in net position	(376,354)	(516,764)	(79,760)	(122,548)	(456,114)	(639,312)
Net position, beginning	<u>1,178,435</u>	<u>1,695,199</u>	<u>479,755</u>	<u>602,303</u>	<u>1,658,190</u>	<u>2,297,502</u>
Net position, ending	<u>\$ 802,081</u>	<u>\$ 1,178,435</u>	<u>\$ 399,995</u>	<u>\$ 479,755</u>	<u>\$ 1,202,076</u>	<u>\$ 1,658,190</u>

Governmental Activities

Total revenues decreased by \$109,840 or 4% while total expenditures decreased by \$239,552 or 7% in fiscal year 2014. Most of the decrease was due to the federal and State not funding several programs administered by the ROE No. 41 at the same level as in previous years.

Business-type Activities

Revenues for this activity are comprised of charges for services. Expenses are for the purchase of services and the costs related to the workshops, conferences and academics conducted by the ROE No. 41. The increase in total revenues by \$30,099 or 20% was due to the addition of the

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014**

fingerprinting and testing services and decrease in the total expenditures are due to elimination of a position in the Tech Hub program in FY 2014.

Financial Analysis of the ROE No. 41 Funds

As previously noted, ROE No. 41 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Fund Highlights

The ROE No. 41's governmental funds reported combined fund balances of \$1,087,911. This is a decrease of \$299,424 or 22% from last year's ending fund balance of \$1,387,335. The change in governmental funds is largely attributed to the reduction in revenues received from the federal and State in FY 2014 as compared to FY 2013.

Proprietary Fund Highlights

The proprietary fund net position decreased by \$79,760 or 17% from \$479,755 at June 30, 2013 to \$399,995 at June 30, 2014. The decrease is mainly due to operating losses being incurred by ROE No. 41 each fiscal year.

Budgetary Highlights

Presenting an overall budget is not a legal requirement of ROE No. 41. Formal budgets are not adopted for all funds, therefore budgetary comparison statements are not included in the financial statements.

ROE No. 41 is a subrecipient for certain grant programs that are accounted for within the special revenue funds. These programs have separate budgets and are required to be reported to the Illinois State Board of Education. Comparison of budgeted and actual results for various programs is presented as supplementary information.

Capital Assets

At June 30, 2014, the ROE No. 41 had invested \$29,812, net of accumulated depreciation, in computers, audio-visual equipment, and other office equipment. This is a net decrease of \$16,404 from last year. This decrease represents depreciation of \$18,138, equipment additions of \$8,207, and loss on disposal of equipment of \$6,473.

More detailed information about capital assets is available in Note 3 to the financial statements.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014**

Economic Factors and Next Years' Budget

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

- The ROE No. 41 has maintained stable enrollment in Regional Safe School Program (RSSP) but not in the Educational Therapy Center (ETC) from FY 2014 to FY 2015. The decrease in enrollment at ETC will impact revenues in the FY 2015. A change in enrollment and placement at the Lighthouse Education Assistance Program (LEAP) from ninety-day to sixty-day placement will continue to impact revenues in the next fiscal year.
- The General State Aid (GSA) entitlement for FY 2014 will remain prorated at 89%. If there continues to be a proration of GSA and the RSSP, the programs will continue to receive less funds. If the increase in the State Income Tax is not made permanent, there will be a more significant proration of the GSA entitlement.
- The ROE No. 41 anticipates a decrease in revenue and corresponding expenditures in the Regional Safe School Program, the Truants Alternative Project, and the School Improvement Program. Further decreases in revenue will result from the loss of or reduction in other State grants. These decreases will be a result of a decrease in State funding due to the State of Illinois' financial condition.
- The ROE No. 41 is expecting to have reduced employment expenditures for FY 2015 as significant changes have occurred due to the lack of funds discussed above.
- The ROE No. 41 does not anticipate a change in revenue in the Bus Driver Training Fund for FY 2015.
- The ROE No. 41 anticipates a significant change in revenue and expenditures in the General Education Development Fund for FY 2015 due to the increased testing fee.
- The ROE No. 41 also anticipates a change in revenue and expenditures in the Business-type activities due to an increase in the amount of computer-based testing since the operation of a computer-based testing facility will continue.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014**

Contacting the Regional Office's Financial Management

The financial report is designed to provide the ROE No. 41's citizens, taxpayers, customers, and constituents with a general overview of the ROE No. 41's finances and to demonstrate the ROE No. 41's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Administrative Assistant of Finance of the Madison County Regional Office of Education, 157 N. Main Street, Suite 438, Edwardsville, IL 62025.

BASIC FINANCIAL STATEMENTS

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
STATEMENT OF NET POSITION
JUNE 30, 2014**

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,177,955	\$ 377,129	\$ 1,555,084
Accounts receivable	238	658	896
Due from (to) other funds	(25,872)	25,872	-
Due from other governments	101,969	1,406	103,375
Total current assets	<u>1,254,290</u>	<u>405,065</u>	<u>1,659,355</u>
Noncurrent assets:			
Security deposit	1,000	-	1,000
Capital assets, net	25,529	4,283	29,812
Total noncurrent assets	<u>26,529</u>	<u>4,283</u>	<u>30,812</u>
TOTAL ASSETS	<u>1,280,819</u>	<u>409,348</u>	<u>1,690,167</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	138,522	5,907	144,429
Due to other governments	27,857	3,446	31,303
Total current liabilities	<u>166,379</u>	<u>9,353</u>	<u>175,732</u>
Noncurrent liabilities:			
Compensated absences	35,897	-	35,897
Net OPEB obligations	276,462	-	276,462
Total noncurrent liabilities	<u>312,359</u>	<u>-</u>	<u>312,359</u>
TOTAL LIABILITIES	<u>478,738</u>	<u>9,353</u>	<u>488,091</u>
NET POSITION			
Net investment in capital assets	25,529	4,283	29,812
Restricted for educational purposes	506,527	-	506,527
Unrestricted	270,025	395,712	665,737
TOTAL NET POSITION	<u>\$ 802,081</u>	<u>\$ 399,995</u>	<u>\$ 1,202,076</u>

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contribution	Governmental Activities	Primary Government Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 1,339,905	\$ 518,400	\$ 624,460	\$ (197,045)	\$ -	\$ (197,045)
Benefits	313,201	98,894	119,126	(95,181)	-	(95,181)
Purchased services	325,508	125,937	146,568	(53,003)	-	(53,003)
Supplies and materials	44,745	17,312	20,853	(6,580)	-	(6,580)
Miscellaneous	3,926	1,519	1,830	(577)	-	(577)
Payments to other governments	21,368	8,266	-	(13,102)	-	(13,102)
Depreciation	16,614	-	-	(16,614)	-	(16,614)
Administrative						
On-behalf payments - State	627,675	-	-	(627,675)	-	(627,675)
On-behalf payments - local	647,135	-	-	(647,135)	-	(647,135)
Total governmental activities	<u>3,340,077</u>	<u>770,328</u>	<u>912,837</u>	<u>(1,656,912)</u>	<u>-</u>	<u>(1,656,912)</u>
Business-type activities:						
Professional development	257,426	178,792	-	-	(78,634)	(78,634)
Total business-type activities	<u>257,426</u>	<u>178,792</u>	<u>-</u>	<u>-</u>	<u>(78,634)</u>	<u>(78,634)</u>
Total primary government	<u>\$ 3,597,503</u>	<u>\$ 949,120</u>	<u>\$ 912,837</u>	<u>(1,656,912)</u>	<u>(78,634)</u>	<u>(1,735,546)</u>
General revenues:						
Interest income				7,971	3,124	11,095
On-behalf payments - State				627,675	-	627,675
On-behalf payments - local				647,135	-	647,135
Loss on disposal of assets				(4,724)	(1,749)	(6,473)
Transfers				2,501	(2,501)	-
Total general revenues and transfers				<u>1,280,558</u>	<u>(1,126)</u>	<u>1,279,432</u>
Change in net position				<u>(376,354)</u>	<u>(79,760)</u>	<u>(456,114)</u>
Net position - beginning				<u>1,178,435</u>	<u>479,755</u>	<u>1,658,190</u>
Net position - ending				<u>\$ 802,081</u>	<u>\$ 399,995</u>	<u>\$ 1,202,076</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014**

EXHIBIT C

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 706,764	\$ 47,220	\$ 310,543	\$ 113,428	\$ 1,177,955
Accounts receivable	-	-	-	238	238
Due from other governments	22,046	79,715	-	208	101,969
TOTAL ASSETS	728,810	126,935	310,543	113,874	1,280,162
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	115,299	22,610	423	190	138,522
Due to other funds	5,067	20,805	-	-	25,872
Due to other governments	26,060	1,797	-	-	27,857
Total liabilities	146,426	45,212	423	190	192,251
FUND BALANCES					
Restricted	-	81,723	310,120	113,684	505,527
Assigned	524,834	-	-	-	524,834
Unassigned	57,550	-	-	-	57,550
Total fund balances	582,384	81,723	310,120	113,684	1,087,911
TOTAL LIABILITIES AND FUND BALANCES	\$ 728,810	\$ 126,935	\$ 310,543	\$ 113,874	\$ 1,280,162

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

EXHIBIT D

Total fund balances - governmental funds	\$ 1,087,911
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.	25,529
Security deposit represents payment deferred in the current period and therefore, is not reported in the governmental funds.	1,000
Long-term liabilities such as compensated absences are not due and payable in the current period and therefore, are not reported in the funds.	(35,897)
The OPEB obligation 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 governmental funds.	<u>(276,462)</u>
Net position of governmental activities	<u><u>\$ 802,081</u></u>

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
GOVERNMENTAL FUNDS

EXHIBIT E

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES					
Federal sources	\$ -	\$ 167,825	\$ -	\$ 28,030	\$ 195,855
State sources	208,918	424,313	-	3,199	636,430
Local sources	688,576	80,727	51,439	30,313	851,055
On-behalf payments - State	627,675	-	-	-	627,675
On-behalf payments - local	647,135	-	-	-	647,135
Total revenues	2,172,304	672,865	51,439	61,542	2,958,150
EXPENDITURES					
Instructional services					
Salaries	906,797	433,108	-	-	1,339,905
Benefits	171,198	84,252	-	159	255,609
Purchased services	142,752	117,551	11,017	54,188	325,508
Supplies and materials	33,639	8,063	-	3,043	44,745
Payments to other governments	-	-	21,368	-	21,368
Miscellaneous	2,439	1,487	-	-	3,926
On-behalf payments - State	627,675	-	-	-	627,675
On-behalf payments - local	647,135	-	-	-	647,135
Capital expenditures	2,175	-	-	-	2,175
Total expenditures	2,533,810	644,461	32,385	57,390	3,268,046
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(361,506)	28,404	19,054	4,152	(309,896)
OTHER FINANCING SOURCES (USES)					
Interest income	5,365	105	1,817	684	7,971
Transfers in (out)	(36)	(135)	2,672	-	2,501
Total other financing sources (uses)	5,329	(30)	4,489	684	10,472
NET CHANGE IN FUND BALANCES	(356,177)	28,374	23,543	4,836	(299,424)
FUND BALANCES, BEGINNING OF YEAR	938,561	53,349	286,577	108,848	1,387,335
FUND BALANCES, END OF YEAR	\$ 582,384	\$ 81,723	\$ 310,120	\$ 113,684	\$ 1,087,911

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

EXHIBIT F

Net change in fund balances \$ (299,424)

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	\$ 2,175	
Depreciation expense	(16,614)	(14,439)

Governmental funds only report the proceeds from asset disposals as revenues when received, whereas the Statement of Activities will reduce the proceeds by the book value of the assets disposed exceeding the proceeds. (4,724)

Revenues reported in the Statement of Activities in the prior year that did not provide current financial resources and is now reported as revenues in the governmental funds. (175)

Certain expenses in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. (1,572)

The increase in the OPEB obligation resulting from annual required contributions in excess of actual contributions does not require the use of current financial resources and therefore, is not reported as expenditures in governmental funds. (56,020)

Change in net position of governmental activities \$ (376,354)

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2014**

EXHIBIT G

	Business-Type Activities - Enterprise Funds			Total
	Technology Hub Fees	SIP-Enterprise Workshop	ROE Administrative - Enterprise	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 90,594	\$ 218,559	\$ 67,976	\$ 377,129
Accounts receivable	-	-	658	658
Due from other funds	-	-	25,872	25,872
Due from other governments	-	1,406	-	1,406
Total current assets	<u>90,594</u>	<u>219,965</u>	<u>94,506</u>	<u>405,065</u>
Noncurrent assets:				
Capital assets, net	4,153	130	-	4,283
TOTAL ASSETS	<u>94,747</u>	<u>220,095</u>	<u>94,506</u>	<u>409,348</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	1,008	4,560	339	5,907
Due to other governments	2	42	3,402	3,446
Total current liabilities	<u>1,010</u>	<u>4,602</u>	<u>3,741</u>	<u>9,353</u>
NET POSITION				
Net investment in capital assets	4,153	130	-	4,283
Unrestricted	<u>89,584</u>	<u>215,363</u>	<u>90,765</u>	<u>395,712</u>
TOTAL NET POSITION	<u>\$ 93,737</u>	<u>\$ 215,493</u>	<u>\$ 90,765</u>	<u>\$ 399,995</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 PROPRIETARY FUNDS**

EXHIBIT H

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds			Total
	Technology Hub Fees	SIP-Enterprise Workshop	ROE Administrative - Enterprise	
OPERATING REVENUES				
Charges for services	\$ 29,451	\$ 89,325	\$ 60,016	\$ 178,792
OPERATING EXPENSES				
Salaries	18,650	42,134	-	60,784
Benefits	3,216	10,999	-	14,215
Purchased services	36,797	50,141	38,923	125,861
Supplies and materials	29,346	24,370	1,226	54,942
Miscellaneous	-	-	100	100
Depreciation	1,373	151	-	1,524
Total operating expenses	<u>89,382</u>	<u>127,795</u>	<u>40,249</u>	<u>257,426</u>
OPERATING INCOME (LOSS)	<u>(59,931)</u>	<u>(38,470)</u>	<u>19,767</u>	<u>(78,634)</u>
NONOPERATING INCOME (LOSS)				
Loss on disposal of assets	(1,749)	-	-	(1,749)
Interest income	732	1,942	450	3,124
Transfers in (out)	171	-	(2,672)	(2,501)
Total nonoperating income (loss)	<u>(846)</u>	<u>1,942</u>	<u>(2,222)</u>	<u>(1,126)</u>
CHANGE IN NET POSITION	(60,777)	(36,528)	17,545	(79,760)
NET POSITION, BEGINNING OF YEAR	<u>154,514</u>	<u>252,021</u>	<u>73,220</u>	<u>479,755</u>
NET POSITION, END OF YEAR	<u>\$ 93,737</u>	<u>\$ 215,493</u>	<u>\$ 90,765</u>	<u>\$ 399,995</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2014**

EXHIBIT I

	Business-Type Activities - Enterprise Funds			
	Technology Hub Fees	SIP-Enterprise Workshop	ROE Administrative - Enterprise	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for workshops and services	\$ 42,001	\$ 89,699	\$ 59,358	\$ 191,058
Payments to suppliers and providers of goods and services	(94,365)	(74,318)	(36,508)	(205,191)
Payments to employees	(21,866)	(53,133)	-	(74,999)
Net cash provided by (used in) operating activities	<u>(74,230)</u>	<u>(37,752)</u>	<u>22,850</u>	<u>(89,132)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Increase in interfund borrowings	-	-	(25,872)	(25,872)
Cash transfers from (to) other funds	171	-	(2,672)	(2,501)
Cash provided by (used in) noncapital financing activities	<u>171</u>	<u>-</u>	<u>(28,544)</u>	<u>(28,373)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITY:				
Cash paid for capital acquisitions	(6,032)	-	-	(6,032)
Cash used in capital financing activity	<u>(6,032)</u>	<u>-</u>	<u>-</u>	<u>(6,032)</u>
CASH FLOWS FROM INVESTING ACTIVITY:				
Interest income	732	1,942	450	3,124
Cash provided by investing activity	<u>732</u>	<u>1,942</u>	<u>450</u>	<u>3,124</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(79,359)	(35,810)	(5,244)	(120,413)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	169,953	254,369	73,220	497,542
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 90,594</u>	<u>\$ 218,559</u>	<u>\$ 67,976</u>	<u>\$ 377,129</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (59,931)	\$ (38,470)	\$ 19,767	\$ (78,634)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,373	151	-	1,524
Effects of changes in assets and liabilities:				
Accounts receivable	-	-	(658)	(658)
Due from other governments	12,550	374	-	12,924
Accounts payable and accrued expenses	(3,616)	151	339	(3,126)
Due to other governments	(24,606)	42	3,402	(21,162)
Net cash provided by (used in) operating activities	<u>\$ (74,230)</u>	<u>\$ (37,752)</u>	<u>\$ 22,850</u>	<u>\$ (89,132)</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2014**

EXHIBIT J

	<u>Agency Fund</u>
<u>TRS and THIS</u>	
ASSETS	
Cash and cash equivalents	\$ -
Accounts receivable	-
	<hr/>
TOTAL ASSETS	-
	<hr/> <hr/>
LIABILITIES	
Accounts payable and accrued expenses	-
	<hr/>
TOTAL LIABILITIES	\$ -
	<hr/> <hr/>

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Madison County Regional Office of Education No. 41 (ROE No. 41) is presented to assist in understanding the Regional Office of Education's financial statements. The financial statements and notes are representations of the Regional Office of Education's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter I, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The ROE No. 41 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

The Regional Superintendent is responsible for supervision and control of school districts within Madison County. This includes all aspects of supervision, reports and financial accounting of districts, which are considered by State law to be in the Regional Office of Education. In addition, the Regional Superintendent is charged with the responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the ROE No. 41; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the ROE No. 41's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's bonds. The Regional Superintendent is also required to provide the Illinois State

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Board of Education (ISBE) with an affidavit showing that the treasurers of school districts under his control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in Madison County, or see that no payments are made unless the treasurer has filed or renewed appropriate bonds and that the district has certified publication of the annual financial report.

The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2014, the ROE No. 41 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Madison County. Such activities are reported in the General Fund and Special Revenue Funds.

B. Scope of the Reporting Entity

The ROE No. 41 reporting entity includes all related organizations for which they exercise oversight responsibility.

The ROE No. 41 has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the region, including districts or joint agreements, which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the ROE No. 41 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the ROE No. 41 does not control the assets, operations, or management of the districts or joint agreements. In addition, the ROE No. 41 is not aware of any entity, which would exercise such oversight as to result in the Regional Office being considered a component unit of the entity.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the ROE No. 41. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by grant revenues and

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intergovernmental revenues, are reported separately from business-type activities, which would generally rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the non-fiduciary assets and liabilities, with the differences reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets.

Restricted consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted represents 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, 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. All remaining governmental and proprietary funds are aggregated and reported as non-major funds.

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 in regards to inter-fund activities, such as payables, receivables, and transfers. Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position.

Inter-fund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues 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 met.

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 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 exchange revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues associated with the subsequent fiscal period, but received before fiscal year end are reported as deferred inflows of resources.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide statements.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Under the terms of the grant agreements, the ROE No. 41 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 the policy of the ROE No. 41 to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which earned, while expenses are recognized in the period in which the liability is incurred.

Proprietary fund operating revenues, such as charges for fees and services, result from exchange transactions associated with the principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary services.

The accounting policies and financial reporting practices of the ROE No. 41 conform to GAAP as applicable to governmental units.

E. Fund Accounting

The accounts of the ROE No. 41 are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts. The ROE No. 41 maintains individual funds required by the State of Illinois and as established by purpose or agreements. The various funds are summarized by type in the financial statements. These funds and accounts are grouped by fund type. The ROE No. 41’s resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and by the means in which spending activities are controlled.

The various funds used by the ROE No. 41 are categorized as follows for presentation in the financial statements:

Governmental Fund Types

Governmental Funds are those through which most governmental functions typically are reported. The acquisition, use and balances of the expendable financial resources and the related current liabilities are accounted for through governmental funds.

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The governmental funds include the following:

General Fund - The General Fund is the operating fund of the ROE No. 41. It is used to account for all financial resources in the Region except those required to be accounted and reported for in another fund. The General Fund includes the following funds:

ROE Administrative - Accounts for monies received for, and payment of, expenditures associated with the operations of the ROE No. 41's general administrative activities.

Fingerprinting - Accounts for the fees received from the school districts which are used to pay for the fingerprinting services provided to school district employees.

General State Aid - Accounts for monies received for, and payment of, expenditures for regional learning academy supplements.

Lighthouse Educational Assistance Program (LEAP) - Accounts for tuition monies received for, and payment of, expenditures for the administration of an educational facility within a drug rehabilitation center.

Longitudinal Data System - Accounts for monies received for, and payment of, expenditures used for providing fiscal activities for ISBE to provide professional development services and an on line registration system for conferences for a State-wide project.

ETC Day Program - Accounts for tuition fees received from school districts used for providing special education and therapeutic services to behaviorally disordered and emotionally disturbed students under the Educational Therapy Center (ETC).

ETC Unemployment Reserve - Accounts for local monies received and accumulated to be used to defray unemployment and related expenses in case the ETC cease to exist.

Suspension Temporary Option Program - Accounts for monies received for the administration of the Suspension Temporary Option Program (STOP) serving students in the Collinsville, Highland, and Troy school districts.

World War II Veterans Program - Accounts for monies received from Illinois World War II Veterans Association for the creation of a State-wide project to capture World War II experiences.

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Special Revenue Funds - Accounts for and reports the proceeds of specific revenue sources (other than fiduciary funds and capital projects) that are restricted or committed to expenditures for specified purposes. The special revenue funds include the following funds:

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

Truants Alternative and Optional Education Project - Accounts for grant monies received for, and payment of, expenditures for the truancy prevention program including monitoring of truant students.

Vocational Adjustment Counselor - Accounts for grant monies received for, and payment of, expenditures to provide rehabilitation counseling for individuals in secondary work experience and resource materials for families and educators of children who are transitioning from school to post secondary activities.

Regional Safe Schools - Accounts for grant monies received for, and payment of, expenditures to provide alternative school program for at-risk students. The program also provides placement for students who are suspended and/or are ineligible.

Foundation Services - Accounts for grant monies received for, and payment of, expenditures to provide implementation of Common Core English Language Arts (ELA) and Math, the adoption of a Continuous Improvement Planning process, preparation for Balanced Assessments, and incorporation of teacher evaluation for school districts.

Title II - Teacher Quality Leadership - Accounts for grant monies received for, and payment of, expenditures to improve evaluation of administrators and teachers in school districts.

Title II - Teacher Quality - Accounts for grant monies received for, and payment of, expenditures to improve instructional services in school districts.

McKinney-Vento Homeless Children - Accounts for grant monies received for and payment of, expenditures associated with counseling and educational support to homeless children and their families.

Portal Database Development - Accounts for grant monies received for, and payment of, expenditures to update the Illinois data portal web-site's survey

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and data collection tools to realign with new core standards at the state and national level.

Learn and Serve - Accounts for grant monies received for, and payment of, expenditures to encourage the use of service-learning as a teaching methodology by supporting the development of high quality service-learning projects in elementary and secondary schools.

Technology Hub - Accounts for monies received for, and payment of, expenditures for the Technology for Success grant. The program provides a coordinated, State-wide support infrastructure which assists school districts in planning, implementing, assessing results, and educating school staff in the use of technology and telecommunications in curricular, instructional, and administrative functions.

School Improvement - Accounts for grant monies received for, and payment of, expenditures for the ROE/ISC Operations grant, as well as transactions associated with the operations of the ROE No. 41.

Institute Fund - Accounts for registration and renewal fees related to teachers' certificates. Funds collected from registration and renewal fees are expended to defray costs incidental to teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

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

General Education Development (GED) - Accounts for the administration of the GED Testing Program. Revenues consist of fees collected for testing, diplomas and materials.

Bus Driver Training - Accounts for bus drivers' permit fees which may be expended for bus drivers' refresher courses.

ETC Lunch Account Program - Accounts for State monies received for, and payment of, expenditures for providing free and reduced priced meals to students under the Educational Therapy Center (ETC).

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Proprietary Fund Types

Proprietary funds account for revenues and expenses related to services provided to other entities, or individuals which are reported as enterprise funds. The ROE No. 41 reports the following major enterprise funds:

Technology Hub Fees - Accounts for the local monies received for, and payment of, expenditures associated with setting up e-mail addresses, conducting workshops, and helping with the creation of technology plans for the schools in Madison County.

School Improvement Plan (SIP) - Enterprise Workshop - Accounts for workshop fees received for, and payment of, expenses related to various trainings conducted by the ROE No. 41.

ROE Administrative - Enterprise - Accounts for monies received for, and payment of, expenditures associated with other miscellaneous enterprise activities of the ROE No. 41. This fund also accounts for reimbursements from other funds for general administrative expenses.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for organizations, and other governments, which are reported as an agency fund. The agency fund includes the following fund:

Teacher Retirement System (TRS) and Teacher Health Insurance Security (THIS)
- Accounts for pension and insurance contributions collected and disbursed to the TRS of the State of Illinois.

F. Governmental Fund Balances

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

Non-spendable - the portion of a Governmental Fund's net position that are not available to be spent, either short-term or long-term, in either form or through legal restrictions. There are no accounts presenting a non-spendable fund balance.

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Restricted - the portion of a Governmental Fund's net position that are subject to external enforceable legal restrictions. The following fund balances are restricted by grant agreements or contracts: Truants Alternative and Optional Education Project, Vocational Adjustment Counselor, Technology Hub, School Improvement, and ETC Lunch Account Program. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development, and Bus Driver Training.

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

Assigned - the portion of a Governmental Fund's net position that denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Fingerprinting, Lighthouse Educational Assistance Program, ETC Day Program, and ETC Unemployment Reserve.

Unassigned - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the General State Aid and Suspension Temporary Option Program.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Budgetary Data

Overall budgeting is not a legal requirement for the ROE No. 41. Formal budgets are not adopted for all funds; therefore budgetary comparison schedules are not included in the financial statements.

The ROE No. 41 is the recipient of grants from ISBE for which comparison of budget and actual results are required. The comparison of budgeted and actual results for the following programs is reported as supplementary information:

Special Revenue Funds:

- Education Fund:
 - Truants Alternative and Optional Education Project

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- Vocational Adjustment Counselor
- Regional Safe Schools
- Foundation Services
- Title II - Teacher Quality Leadership
- Title II - Teacher Quality
- McKinney - Vento Homeless Children
- Technology Hub
- School Improvement

I. Cash and Cash Equivalents

The ROE No. 41 considers all cash and all highly liquid investments (including restricted assets) with an original maturity of three months or less from the date of acquisition to be cash equivalents.

J. Capital Assets

Capital assets, such as equipment, are recorded in the applicable governmental or business-type activity columns in the government-wide financial statements. Expenditures for the acquisition are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The costs of capital assets are recorded as expenditures in the acquiring fund at the time of purchase and any proceeds from sales are recorded as receipts at the time of disposal in the governmental funds' statements for governmental activities.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at estimated fair value as of the date received. Capital assets are defined by the ROE No. 41 as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

The provision for depreciation on fixed assets is provided on a straight-line basis. Estimated useful lives are as follows:

Equipment	5-10 years
Office equipment	3-7 years

K. Compensated Absences

All ROE No. 41 employees must use their annual vacation before November 30, and an accrual for this liability as of June 30, 2014 has been provided in the government-wide financial statements.

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Accumulated sick pay benefits are available to all full-time employees to use in future years, up to 480 hours. They are eligible to be compensated for these unused sick days after attaining age 55 and employed for eight years. They will be compensated upon retirement only. If terminated, their unused sick days are forfeited. Per GASB Statement No. 16, the ROE No. 41 used the vesting method to calculate the necessary accrual. Under this method, the liability is measured based on those that are eligible to receive retirement payments and those who are expected to become eligible in future years.

As required by GASB Interpretation 6, the accrual for unused vacation and sick time is reflected when incurred in the government-wide financial statements, and is reflected in the governmental funds only when the liability is expected to be liquidated with expendable available financial resources.

L. New Accounting Pronouncements

In FY 2014, ROE No. 41 implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The implementation of GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB Statement No. 66 resolved conflicting guidance that resulted from the issuance of GASB Statement Nos. 54 and 62 regarding risk financing activities, operating leases, purchased loans, and servicing fees. The implementation of GASB Statement No. 67 improved financial reporting by state and local governmental pension plans. GASB Statement No. 70 had no impact on the financial statements.

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

M. Deferred Inflows of Resources

Grant revenues received more than 60 days after the end of the year, which are not available under the modified accrual basis of accounting, are reported as deferred inflows of resources

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in the governmental fund Balance Sheet. The ROE No. 41 reported \$0 deferred inflows of resources at June 30, 2014.

N. Revenues - Exchange and Non-exchange Transactions

The revenue resulting from exchange transactions, in which each party gives and receives essentially equal values, is recorded on the accrual basis when the exchange takes place. On modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the ROE No. 41 receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the ROE No. 41 must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the ROE No. 41 on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits

For its various activities, the ROE No. 41 utilizes several different bank accounts in credit quality financial institutions. At June 30, 2014, the total carrying amount of such accounts is \$1,555,084, and the total bank balance is \$1,570,595. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2014. The total bank balance as of June 30, 2014 was secured by federal depository insurance and collateralized by securities pledged by the financial institution's trust department in the name of the ROE No. 41.

Custodial Credit Risk

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education's deposits may not be returned. As of June 30, 2014, the ROE's deposits are fully insured and collateralized.

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NOTE 3 - CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2014 are as follows:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
GOVERNMENTAL FUNDS				
Equipment	\$ 415,334	\$ 2,175	\$ 68,258	\$ 349,251
Less: accumulated depreciation	370,642	16,614	63,534	323,722
Capital assets, net	<u>44,692</u>	<u>(14,439)</u>	<u>4,724</u>	<u>25,529</u>
PROPRIETARY FUNDS				
Equipment	21,070	6,032	1,749	25,353
Less: accumulated depreciation	19,546	1,524	-	21,070
Capital assets, net	<u>1,524</u>	<u>4,508</u>	<u>1,749</u>	<u>4,283</u>
Total capital assets, net	<u>\$ 46,216</u>	<u>\$ (9,931)</u>	<u>\$ 6,473</u>	<u>\$ 29,812</u>

Depreciation expense for the year ended June 30, 2014 amounted to \$16,614, was accounted for in the instructional services function under governmental activities. For the business-type activities, depreciation expense of \$1,373 and \$151 were charged to Technology Hub Fees and SIP-Enterprise Workshop, respectively.

NOTE 4 - COMPENSATED ABSENCES

The ROE No. 41 records a liability associated with compensated absences. During FY 2014, the amount in this account increased by \$1,572. At June 30, 2014, the balance in this account was \$35,897.

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Compensated absences	<u>\$ 34,325</u>	<u>\$ 9,386</u>	<u>\$ 7,814</u>	<u>\$ 35,897</u>

NOTE 5 - ON-BEHALF PAYMENTS

Salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois, and a significant portion of the operating expenditures of the ROE No. 41 are paid by Madison County, Illinois, in accordance with the statutes.

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The breakdown of the State and County on-behalf payments for the year ended June 30, 2014 is as follows:

Regional Superintendent salary	\$ 109,464
Regional Superintendent benefits (includes State paid insurance)	32,790
Assistant Regional Superintendent salary	98,544
Assistant Regional Superintendent benefits (includes State paid insurance)	32,133
TRS pension contributions	345,257
THIS OPEB contributions	9,487
Salaries of office workers paid by the Madison County	470,995
Rent of office space	43,560
Consulting Services	6,700
Madison County's share in health insurance contributions	46,032
Madison County's share in retirement contributions	79,848
Total	<u>\$ 1,274,810</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.

NOTE 6 - INTERFUND TRANSFERS

(a) Due From (To) Other Funds

As of June 30, 2014, amounts due from (to) other funds consist of the following:

Fund	Due From Other Funds	Due To Other Funds
Enterprise Fund - ROE Administrative - Enterprise	\$ 25,872	\$ -
General Fund - General State Aid	-	5,067
Education Fund - Foundation Services	-	14,608
Education Fund - Title II Teacher Quality Leadership	-	1,161
Education Fund - Title II - Teacher Quality	-	160
Education Fund - McKinney Vento Homeless Children	-	4,876
Total	<u>\$ 25,872</u>	<u>\$ 25,872</u>

The amount due to the ROE Administrative - Enterprise from the General Fund and Education Fund resulted from interfund borrowing to cover short-term cash deficit.

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(b) Transfers From (To) Other Funds

The composition of interfund transfers during FY 2014 is as follows:

Fund	Transfers-in	Transfers-out
General Fund - General State Aid	\$ -	\$ 24,312
General Fund - Longitudinal Data System	-	36
General Fund - Suspension Temporary Option Program	24,312	-
Education Fund - Portal Database Development	-	121
Education Fund - Learn and Serve	-	14
Institute Fund	2,672	-
Enterprise Fund - Technology Hub Fees	171	-
Enterprise Fund - ROE Administrative - Enterprise	-	2,672
Total	<u>\$ 27,155</u>	<u>\$ 27,155</u>

In FY 2014, the ROE No. 41 made interfund transfers to move a portion of unrestricted funds to finance various operating expenditures accounted for in other funds.

NOTE 7 - DUE FROM (TO) OTHER GOVERNMENTS

The ROE No. 41's General Fund, Special Revenue Funds, and Proprietary Funds have funds due to and due from various governmental units which consist of the following:

Due from Other Governments:	
Illinois State Board of Education	\$ 17,729
Illinois Department of Human Services	40,535
Local school districts	19,354
Other governmental units	25,757
Total	<u>\$ 103,375</u>
Due to Other Governments:	
Illinois State Board of Education	\$ 1,797
Madison County government	24,600
Other governmental units	4,906
Total	<u>\$ 31,303</u>

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NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

(a) Defined Benefit Plan - Madison County Health Plan

Plan Description. The ROE No. 41 employees are covered by the Madison County (the County) health insurance plan. The County provides postemployment health care for eligible retired employees and their dependents through a single employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the County and can be amended by the County Board through its personnel manual and union contracts. An irrevocable trust has not been established by the County to account for the plan and accordingly the plan is not accounted for as a trust fund. The plan does not issue a separate report.

Benefits Provided. The ROE No. 41 provides postemployment health care for eligible retired employees and their dependents through the County. Employees who terminate after meeting the age and service requirements for retirement are eligible to continue their health care plan coverage with the County by paying the monthly premium rate. The benefit levels are the same as those afforded to active employees. The benefits include general outpatient and inpatient medical services; mental, nervous, and substance abuse care; vision care, dental care; and prescriptions. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the County and is the basis for the OPEB obligation accounted for under GASB Statement No. 45. The ROE No. 41 reimburses the County for health insurance coverage for active non-administrative ROE No. 41 employees. These non-administrative employees are classified under “Other Education” below.

Membership. At November 30, 2013 (the County’s fiscal year end), membership consisted of:

	Education Admin	Other Education	Total
Active participants	10	26	36
Retired participants	3	2	5
Total	13	28	41

Funding Policy. The County negotiates the contribution percentages between the County and employees through the union contracts and the personnel policy. The ROE No. 41 employees follow these contracts and policies. All retirees contribute 100% of the blended premium to the plan and the County contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay-as-you-go). GASB Statement No. 45 requires recognition of the current expense of OPEB based on each governing body’s annual required contribution, but does not require funding of the related liability.

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Annual OPEB Cost and Net OPEB Obligation. The ROE No. 41's annual OPEB cost is calculated based on the annual required contribution (ARC). The ARC represents the normal cost each year and an amount to amortize the unfunded actuarial liability over a period of thirty years.

Trend Data. 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Components of Net OPEB Obligation and Expense

Item	Amount as of 11/30/2013		
	Education Admin	Other Education	Total
Annual Required Contribution	\$ 30,603	\$ 46,987	\$ 77,590
Interest on Net OPEB obligation	2,459	8,563	11,022
Adjustment to annual required contribution	(3,047)	(10,611)	(13,658)
Annual OPEB cost (expense)	30,015	44,939	74,954
Contributions made	(13,967)	(4,967)	(18,934)
Increase in net OPEB obligation	16,048	39,972	56,020
Net OPEB obligation - beginning of year	49,177	171,265	220,442
Net OPEB obligation - end of year	\$ 65,225	\$ 211,237	\$ 276,462

Schedule of Contributions, OPEB Costs and Net Obligations

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
11/30/2013	\$ 74,954	25.3%	\$ 276,462

Funded Status and Funding Progress. As of November 30, 2013 (the County's fiscal year end), the actuarial accrued liability for benefits was \$666,940. The covered payroll was approximately \$1,566,163 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 42.6%.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Actuarial Method and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

In the actuarial valuation for the fiscal year ended November 30, 2013, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9% initially, reduced to an ultimate rate of 5% after five years. Rates include a 2.5% general inflation assumption. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount on a closed basis over 30 years.

Schedule of Funded Status and Funding Progress

	Education Admin	Other Education	Total
Actuarial Accrued Liability (AAL)	\$ 272,958	\$ 393,982	\$ 666,940
Actuarial Value of Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 272,958	\$ 393,982	\$ 666,940
Funded Ratio	0%	0%	0%
Covered Payroll (Active Plan Members)	\$ 377,208	\$ 1,188,955	\$ 1,566,163
UAAL as a % of Covered Payroll	72.4%	33.1%	42.6%

(b) Teacher Health Insurance Security Fund

The ROE No. 41 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 not enrolled in Medicare may participate in the State administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
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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 ROE No. 41. State contributions are intended to match contributions to THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. The State of Illinois contributions were \$9,487, and the ROE No. 41 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of employees were \$10,176 and \$9,941, respectively.
- **Employer contributions to THIS Fund.** The ROE No. 41 also makes contributions to THIS Fund. The ROE No. 41's THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013, and June 30, 2012, respectively. For the year ended June 30, 2014, the ROE No. 41 paid \$7,042 to the THIS Fund. For the years ended June 30, 2013, and June 30, 2012, the ROE No. 41 paid \$7,632 and \$7,456 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 9 - PENSION AND RETIREMENT COMMITMENTS

Teachers' Retirement System of the State of Illinois (TRS)

The ROE No. 41 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.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The active member contribution rate for the year ended June 30, 2014, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2013 and 2012.

The State of Illinois makes contributions directly to TRS on behalf of the ROE No. 41's TRS-covered employees.

- **On-behalf contributions.** The State of Illinois makes employer pension contributions on-behalf of the ROE No. 41. For the year ended June 30, 2014, the State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the ROE No. 41 recognized revenue and expenditures of \$345,257 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the contribution rates were 28.05 percent (\$300,045) and 24.91 percent (\$281,398), respectively.

The ROE No. 41 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, 2014 were \$5,672. Contributions for the years ended June 30, 2013, and June 30, 2012, were \$6,416 and \$6,552, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the ROE No. 41, there is a statutory requirement for the ROE No. 41 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$2,986 were paid from federal and special trust funds that required employer contributions of \$1,057. For the years ended June 30, 2013 and June 30, 2012, the required employer contributions were \$10,227 and \$0, respectively.

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

- **Early retirement option (ERO).** The ROE No. 41 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2014, the ROE No. 41 paid \$24,608 to TRS for employer contributions under the ERO program. For the years ended June 30, 2013 and June 30, 2012, the ROE No. 41 paid \$0 in ERO contributions for both years.

- **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 year ended June 30, 2014, the ROE No. 41 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2013 and June 30, 2012, the ROE No. 41 paid \$354 and \$0, respectively.

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 ROE No.41 during the four year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, the ROE No. 41 paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2013 and June 30, 2012, the ROE No. 41 did not have any payments to TRS for sick leave days granted in excess of the normal 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, 2013. The report for the year ended June 30, 2014 is expected to be available in late 2014.

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Illinois Municipal Retirement Fund

There are other non-certified employees paid by, and considered employees of, county government. As such, related retirement obligations associated with these employees are the responsibilities of county government. Retirement contributions for non-certified employees made by Madison County to the Illinois Municipal Retirement Fund in the amount of \$45,749. This amount is included in the local on-behalf revenue and related expense.

NOTE 10 - DEFICIT FUND BALANCE

The General Fund's Suspension Temporary Option Program (STOP) has deficit fund balance totaling \$5,820 as of June 30, 2014.

The above deficit fund balance is expected to be reversed in the next fiscal year through receipts from local sources. The deficit balance is due to the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which require that grant revenue can only be recognized when collected during the fiscal year or collected soon after the end of the fiscal year to be available to pay the liabilities of current fiscal period.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the ROE No. 41 receives grant funds from various federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Significant losses are covered by the commercial insurance for all major programs: property, liability, and workman's compensation. During the year ended June 30, 2014, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past four years.

NOTE 12 - OPERATING LEASE

The ROE No. 41 is committed under lease agreement for an office space for the ROE No. 41's GED testing program located in Granite City, Illinois. The lease agreement is considered an operating lease for accounting purposes.

The lease agreement for the office space has a term of 29 months beginning March 1, 2013, and ending on July 31, 2015, with an option for bi-annual renewals. The lease requires \$12,000

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

annually, payable monthly and \$1,000 security deposit. Lease expense for the year ended June 30, 2014, amounted to \$12,000.

The minimum future rental payments for each of the next applicable years under the non-cancelable school facility lease are:

Fiscal Year Ending June 30	Amount
2015	\$ 12,000
2016	1,000
Total	\$ 13,000

NOTE 13 - SUBSEQUENT EVENTS

The effect of subsequent events on the financial statements have been evaluated through the date of the auditors' report, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 REQUIRED SUPPLEMENTARY INFORMATION
 (UNAUDITED)
 JUNE 30, 2014**

**OTHER POST EMPLOYMENT BENEFITS
 SCHEDULE OF FUNDING PROGRESS**

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)
11/30/13	\$ 0	\$ 666,940	\$ 666,940	0%	\$1,566,163	42.60%
11/30/12	0	776,084	776,084	0%	1,694,625	45.80%
11/30/11	0	728,190	728,190	0%	1,637,319	44.50%

**OTHER POST EMPLOYMENT BENEFITS PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Employer Contributions	Annual Required Contributions (ARC)	Percentage Contributed
11/30/13	\$ 18,934	\$ 77,590	25.26%
11/30/12	20,304	75,389	27.66%
11/30/11	18,627	75,389	25.15%

SUPPLEMENTARY INFORMATION

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 GENERAL FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2014

SCHEDULE 1

	ROE	Fingerprinting	General State Aid	Lighthouse Educational Assistance Program	Longitudinal Data System
	Administrative				
ASSETS					
Cash and cash equivalents	-	\$ 29,120	\$ 102,641	\$ 211,490	\$ -
Due from other governments	-	6,070	-	5,410	-
TOTAL ASSETS	-	35,190	102,641	216,900	-
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	-	-	27,293	36,709	-
Due to other funds	-	-	5,067	-	-
Due to other governments	-	1,504	6,911	6,546	-
Total liabilities	-	1,504	39,271	43,255	-
FUND BALANCES (DEFICIT)					
Assigned	-	33,686	-	173,645	-
Unassigned	-	-	63,370	-	-
Total fund balances (deficit)	-	33,686	63,370	173,645	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 35,190	\$ 102,641	\$ 216,900	\$ -

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

GENERAL FUND

COMBINING SCHEDULE OF ACCOUNTS

JUNE 30, 2014

SCHEDULE 1
(CONTINUED)

	ETC Day Program	ETC Unemployment Reserve	Suspension Temporary Option Program	World War II Veterans Program	Total
ASSETS					
Cash and cash equivalents	\$ 184,753	\$ 178,760	\$ -	\$ -	\$ 706,764
Due from other governments	10,566	-	-	-	22,046
TOTAL ASSETS	<u>195,319</u>	<u>178,760</u>	<u>-</u>	<u>-</u>	<u>728,810</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	46,386	-	4,911	-	115,299
Due to other funds	-	-	-	-	5,067
Due to other governments	10,190	-	909	-	26,060
Total liabilities	<u>56,576</u>	<u>-</u>	<u>5,820</u>	<u>-</u>	<u>146,426</u>
FUND BALANCES (DEFICIT)					
Assigned	138,743	178,760	-	-	524,834
Unassigned	-	-	(5,820)	-	57,550
Total fund balances (deficit)	<u>138,743</u>	<u>178,760</u>	<u>(5,820)</u>	<u>-</u>	<u>582,384</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 195,319</u>	<u>\$ 178,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 728,810</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 GENERAL FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 2

	ROE	Fingerprinting	General State Aid	Lighthouse Educational Assistance Program	Longitudinal Data System
	Administrative				
REVENUES					
State sources	\$ -	\$ -	\$ 208,918	\$ -	\$ -
Local sources	-	53,123	-	192,530	-
On-behalf payments - State	627,675	-	-	-	-
On-behalf payments - local	615,992	-	9,055	8,715	-
Total revenues	1,243,667	53,123	217,973	201,245	-
EXPENDITURES					
Salaries	-	-	227,728	269,998	-
Benefits	-	-	48,259	42,466	-
Purchased services	-	47,258	29,691	16,172	-
Supplies and materials	-	307	13,256	3,601	-
Miscellaneous	-	-	2,439	-	-
On-behalf payments - State	627,675	-	-	-	-
On-behalf payments - local	615,992	-	9,055	8,715	-
Capital expenditures	-	-	569	1,037	-
Total expenditures	1,243,667	47,565	330,997	341,989	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	5,558	(113,024)	(140,744)	-
OTHER FINANCING SOURCES (USES)					
Interest income	-	171	1,061	1,755	-
Transfers in (out)	-	-	(24,312)	-	(36)
Total other financing sources (uses)	-	171	(23,251)	1,755	(36)
NET CHANGE IN FUND BALANCES	-	5,729	(136,275)	(138,989)	(36)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	27,957	199,645	312,634	36
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ 33,686	\$ 63,370	\$ 173,645	\$ -

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 GENERAL FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 2
 (CONTINUED)

	ETC Day Program	ETC Unemployment Reserve	Suspension Temporary Option Program	World War II Veterans Program	Total
REVENUES					
State sources	\$ -	\$ -	\$ -	\$ -	\$ 208,918
Local sources	423,423	-	19,500	-	688,576
On-behalf payments - State	-	-	-	-	627,675
On-behalf payments - local	13,373	-	-	-	647,135
Total revenues	436,796	-	19,500	-	2,172,304
EXPENDITURES					
Salaries	372,168	-	36,903	-	906,797
Benefits	73,459	-	6,940	74	171,198
Purchased services	48,722	-	909	-	142,752
Supplies and materials	16,475	-	-	-	33,639
Miscellaneous	-	-	-	-	2,439
On-behalf payments - State	-	-	-	-	627,675
On-behalf payments - local	13,373	-	-	-	647,135
Capital expenditures	569	-	-	-	2,175
Total expenditures	524,766	-	44,752	74	2,533,810
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(87,970)	-	(25,252)	(74)	(361,506)
OTHER FINANCING SOURCES (USES)					
Interest income	1,035	1,343	-	-	5,365
Transfers in (out)	-	-	24,312	-	(36)
Total other financing sources (uses)	1,035	1,343	24,312	-	5,329
NET CHANGE IN FUND BALANCES	(86,935)	1,343	(940)	(74)	(356,177)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	225,678	177,417	(4,880)	74	938,561
FUND BALANCES (DEFICIT), END OF YEAR	\$ 138,743	\$ 178,760	\$ (5,820)	\$ -	\$ 582,384

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2014

	Truants Alternative and Optional Education Project	Vocational Adjustment Counselor	Regional Safe Schools	Foundation Services	Title II - Teacher Quality Leadership	Title II - Teacher Quality
Cash and cash equivalents	\$ 60	\$ 45,251	12	\$ -	\$ -	\$ -
Due from other governments	-	40,535	10,611	14,608	1,161	160
TOTAL ASSETS	60	85,786	10,623	14,608	1,161	160

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable and accrued expenses	-	7,228	10,538	-	-	-
Due to other funds	-	-	-	14,608	1,161	160
Due to other governments	9	-	85	-	-	-
TOTAL LIABILITIES	9	7,228	10,623	14,608	1,161	160

FUND BALANCES

Restricted	51	78,558	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	60	\$ 85,786	\$ 10,623	\$ 14,608	\$ 1,161	\$ 160

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2014

SCHEDULE 3
 (CONTINUED)

	McKinney - Vento Homeless Children	Portal Database Development	Learn and Serve	Technology Hub	School Improvement	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 564	\$ 1,333	\$ 47,220
Due from other governments	6,843	-	-	5,797	-	79,715
TOTAL ASSETS	<u>6,843</u>	<u>-</u>	<u>-</u>	<u>6,361</u>	<u>1,333</u>	<u>126,935</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	1,967	-	-	2,877	-	22,610
Due to other funds	4,876	-	-	-	-	20,805
Due to other governments	-	-	-	1,698	5	1,797
TOTAL LIABILITIES	<u>6,843</u>	<u>-</u>	<u>-</u>	<u>4,575</u>	<u>5</u>	<u>45,212</u>
FUND BALANCES						
Restricted	-	-	-	1,786	1,328	81,723
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,361</u>	<u>\$ 1,333</u>	<u>\$ 126,935</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED, JUNE 30, 2014

	Truants Alternative and Optional Educational Project	Vocational Adjustment Counselor	Regional Safe Schools	Foundation Services	Title II - Teacher Quality Leadership	Title II - Teacher Quality
REVENUES						
Federal sources	\$ -	\$ 101,060	\$ -	\$ 14,608	\$ 8,861	\$ 296
State sources	43,594	55,544	127,222	-	-	-
Local sources	-	80,727	-	-	-	-
Total revenues	43,594	237,331	127,222	14,608	8,861	296
EXPENDITURES						
Salaries	37,336	146,107	76,248	-	-	-
Benefits	1,027	28,494	14,016	-	-	-
Purchased services	5,231	19,245	46,848	14,175	8,861	160
Supplies and materials	-	3,840	-	433	-	-
Miscellaneous	-	1,487	-	-	-	-
Total expenditures	43,594	199,173	137,112	14,608	8,861	160
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	38,158	(9,890)	-	-	136
OTHER FINANCING SOURCES (USES)						
Interest income	-	105	-	-	-	-
Transfers in (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	105	-	-	-	-
NET CHANGE IN FUND BALANCES	-	38,263	(9,890)	-	-	136
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	51	40,295	9,890	-	-	(136)
FUND BALANCES, END OF YEAR	\$ 51	\$ 78,558	\$ -	\$ -	\$ -	\$ -

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED, JUNE 30, 2014**

	McKinney - Vento Homeless Children	Portal Database Development	Learn and Serve	Technology Hub	School Improvement	Total
REVENUES						
Federal sources	\$ 43,000	\$ -	\$ -	\$ -	\$ -	\$ 167,825
State sources	-	-	-	154,119	43,834	424,313
Local sources	-	-	-	-	-	80,727
Total revenues	43,000	-	-	154,119	43,834	672,865
EXPENDITURES						
Salaries	25,728	-	-	117,402	30,287	433,108
Benefits	9,952	-	-	21,231	9,532	84,252
Purchased services	4,098	-	-	15,486	3,447	117,551
Supplies and materials	3,222	-	-	-	568	8,063
Miscellaneous	-	-	-	-	-	1,487
Total expenditures	43,000	-	-	154,119	43,834	644,461
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	28,404
OTHER FINANCING SOURCES (USES)						
Interest income	-	-	-	-	-	105
Transfers in (out)	-	(121)	(14)	-	-	(135)
Total other financing sources (uses)	-	(121)	(14)	-	-	(30)
NET CHANGE IN FUND BALANCES	-	(121)	(14)	-	-	28,374
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	121	14	1,786	1,328	53,349
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ 1,786	\$ 1,328	\$ 81,723

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 EDUCATION FUND ACCOUNT
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2014

	Truants Alternative and Optional Education Project			Vocational Adjustment Counselor			Regional Safe Schools		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$ 102,427	\$ 101,060	\$ (1,367)	\$ -	\$ -	\$ -
State sources	43,594	43,594	-	55,544	55,544	-	127,222	127,222	-
Local sources	-	-	-	74,538	80,727	6,189	-	-	-
Total revenues	43,594	43,594	-	232,509	237,331	4,822	127,222	127,222	-
EXPENDITURES									
Salaries	37,336	37,336	-	135,666	146,107	(10,441)	76,215	76,248	(33)
Benefits	1,028	1,027	1	48,058	28,494	19,564	14,049	14,016	33
Purchased services	5,030	5,231	(201)	15,948	19,245	(3,297)	36,958	46,848	(9,890)
Supplies and materials	200	-	200	3,000	3,840	(840)	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,487	(1,487)	-	-	-
Total expenditures	43,594	43,594	-	202,672	199,173	3,499	127,222	137,112	(9,890)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ 29,837	\$ 38,158	\$ 8,321	\$ -	\$ (9,890)	\$ (9,890)
OTHER FINANCING SOURCE									
Interest income	-	-	-	-	105	-	-	-	-
NET CHANGE IN FUND BALANCES									
FUND BALANCES (DEFICIT), BEGINNING OF YEAR									
		51			38,263			(9,890)	
FUND BALANCES, END OF YEAR									
	\$	51			40,295			9,890	
	\$	51			\$ 78,558			\$ -	

SCHEDULE 5
(CONTINUED)

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
EDUCATION FUND ACCOUNT
BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2014

	Foundation Services			Title II -Teacher Quality Leadership			Title II -Teacher Quality		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ 56,183	\$ 14,608	\$ (41,575)	\$ 9,161	\$ 8,861	\$ (300)	\$ 160	\$ 296	\$ 136
State sources	-	-	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-	-	-
Total revenues	56,183	14,608	(41,575)	9,161	8,861	(300)	160	296	136
EXPENDITURES									
Salaries	-	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Purchased services	55,750	14,175	41,575	9,161	8,861	300	160	160	-
Supplies and materials	433	433	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total expenditures	56,183	14,608	41,575	9,161	8,861	300	160	160	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136	\$ 136
OTHER FINANCING SOURCE									
Interest income	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES									
	-	-	-	-	-	-	-	136	136
FUND BALANCES (DEFICIT), BEGINNING OF YEAR									
	-	-	-	-	-	-	-	(136)	(136)
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SCHEDULE 5
(CONTINUED)**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
EDUCATION FUND ACCOUNT
BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2014**

	McKinney-Vento Homeless Children		Technology Hub		School Improvement		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES								
Federal sources	\$ 77,798	\$ 43,000	\$ -	\$ -	\$ -	\$ -	\$ 245,729	\$ 167,825
State sources	-	-	155,797	154,119	43,834	43,834	425,991	424,313
Local sources	-	-	-	-	-	-	74,538	80,727
Total revenues	<u>77,798</u>	<u>43,000</u>	<u>155,797</u>	<u>154,119</u>	<u>43,834</u>	<u>43,834</u>	<u>746,258</u>	<u>672,865</u>
EXPENDITURES								
Salaries	28,160	25,728	117,402	117,402	29,950	30,287	424,729	433,108
Benefits	10,802	9,952	21,206	21,231	9,114	9,532	104,257	84,252
Purchased services	21,836	4,098	17,738	15,486	4,360	3,447	166,392	117,551
Supplies and materials	17,000	3,222	-	-	410	568	21,043	8,063
Capital expenditures	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total expenditures	<u>77,798</u>	<u>43,000</u>	<u>155,797</u>	<u>154,119</u>	<u>43,834</u>	<u>43,834</u>	<u>716,421</u>	<u>644,461</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,837</u>	<u>\$ 28,404</u>
OTHER FINANCING SOURCE								
Interest income	-	-	-	-	-	-	-	105
NET CHANGE IN FUND BALANCES								28,509
FUND BALANCES (DEFICIT), BEGINNING OF YEAR								53,214
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,786</u>	<u>\$ 1,786</u>	<u>\$ 1,328</u>	<u>\$ 1,328</u>	<u>\$ 81,723</u>	<u>\$ 81,723</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2014

SCHEDULE 6

	General Education Development	Bus Driver Training	ETC Lunch Account Program	Total
ASSETS				
Cash and cash equivalents	\$ 58,858	\$ 31,607	\$ 22,963	\$ 113,428
Accounts receivable	238	-	-	238
Due from other governments	-	208	-	208
TOTAL ASSETS	<u>59,096</u>	<u>31,815</u>	<u>22,963</u>	<u>113,874</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	190	-	-	190
FUND BALANCES				
Restricted	58,906	31,815	22,963	113,684
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,096</u>	<u>\$ 31,815</u>	<u>\$ 22,963</u>	<u>\$ 113,874</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

SCHEDULE 7

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	General Education Development	Bus Driver Training	ETC Lunch Account Program	Total
REVENUES				
Federal sources	\$ -	\$ -	\$ 28,030	\$ 28,030
State sources	-	2,107	1,092	3,199
Local sources	21,666	5,992	2,655	30,313
Total revenues	21,666	8,099	31,777	61,542
EXPENDITURES				
Benefits	159	-	-	159
Purchased services	20,781	1,219	32,188	54,188
Supplies and materials	3,043	-	-	3,043
Total expenditures	23,983	1,219	32,188	57,390
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,317)	6,880	(411)	4,152
OTHER FINANCING SOURCE				
Interest income	364	180	140	684
NET CHANGE IN FUND BALANCES	(1,953)	7,060	(271)	4,836
FUND BALANCES, BEGINNING OF YEAR	60,859	24,755	23,234	108,848
FUND BALANCES, END OF YEAR	\$ 58,906	\$ 31,815	\$ 22,963	\$ 113,684

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41
FIDUCIARY FUNDS**

SCHEDULE 8

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>TRS and THIS</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
ASSETS				
Cash and cash equivalents	\$ 3,298	\$ 98,215	\$ 101,513	\$ -
Accounts receivable	192	-	192	-
TOTAL ASSETS	<u>3,490</u>	<u>98,215</u>	<u>101,705</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	<u>\$ 3,490</u>	<u>\$ 98,215</u>	<u>\$ 101,705</u>	<u>\$ -</u>