

**STATE OF ILLINOIS
LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2014**

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

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**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
OFFICIALS**

Regional Superintendent
(current and during the audit period effective August 16, 2013)

Honorable Paul McMahon

Regional Superintendent
(during the audit period through August 15, 2013)

Honorable Amy Jo Clemens

Assistant Regional Superintendent
(current and during the audit period effective August 16, 2013)

Ms. Janet Kacvinsky

Assistant Regional Superintendent
(during the audit period through August 15, 2013)

Mr. Paul McMahon

Office is located at:

7772 Clinton Street
Dixon, Illinois 61021

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMPLIANCE REPORT SUMMARY**

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

AUDITORS' REPORTS

The auditors' reports on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	1

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>Findings (Government Auditing Standards)</i>			
2014-001	13a-13b	Controls Over Financial Statement Preparation	Significant Deficiency
2014-002	13c	Inadequate Internal Control Procedures Over Expenditures	Significant Deficiency
2014-003	13d-13e	Internal Controls Over Grant Reporting	Significant Deficiency and Noncompliance
<i>Findings and Questioned Costs (Federal Compliance)</i>			
2014-003	13d-13e	Internal Controls Over Grant Reporting	Significant Deficiency and Noncompliance

Prior Audit Findings not Repeated (Government Auditing Standards)

None

Prior Audit Findings not Repeated (Federal Compliance)

None

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMPLIANCE REPORT SUMMARY – (CONCLUDED)**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on September 19, 2014. Attending were the Honorable Paul McMahan, Regional Superintendent; Megan Johnson, Bookkeeper; Kimberly Walker, CPA, Partner, Kemper CPA Group, LLP; and Kara Bevis, CPA, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by the Honorable Paul McMahan, Regional Superintendent on October 29, 2014.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Lee and Ogle Counties Regional Office of Education #47 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Lee and Ogle Counties Regional Office of Education #47'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 Lee and Ogle Counties Regional Office of Education #47, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Lee and Ogle Counties Regional Office of Education #47'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 Lee and Ogle Counties Regional Office of Education #47, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund Schedule of Funding Progress on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lee and Ogle Counties Regional Office of Education #47's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* 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 March 13, 2015 on our consideration of the Lee and Ogle Counties Regional Office of Education #47'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 Lee and Ogle Counties Regional Office of Education #47's internal control over financial reporting and compliance.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois
March 13, 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 Lee and Ogle Counties Regional Office of Education #47, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Lee and Ogle Counties Regional Office of Education #47's basic financial statements, and have issued our report thereon dated March 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lee and Ogle Counties Regional Office of Education #47'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 Lee and Ogle Counties Regional Office of Education #47's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional Office of Education #47'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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001, 2014-002 and 2014-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lee and Ogle Counties Regional Office of Education #47'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003.

Regional Office of Education #47's Responses to Findings

Lee and Ogle Counties Regional Office of Education #47's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lee and Ogle Counties Regional Office of Education #47's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lee and Ogle Counties Regional Office of Education #47's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee and Ogle Counties Regional Office of Education #47's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
March 13, 2015

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

Honorable William G. Holland
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited the Lee and Ogle Counties Regional Office of Education #47's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Lee and Ogle Counties Regional Office of Education #47's major federal programs for the year ended June 30, 2014. The Lee and Ogle Counties Regional Office of Education #47's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Lee and Ogle Counties Regional Office of Education #47's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lee and Ogle Counties Regional Office of Education #47's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lee and Ogle Counties Regional Office of Education #47's compliance.

Opinion on Each Major Federal Program

In our opinion, Lee and Ogle Counties Regional Office of Education #47 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003. Our opinion on each major federal program is not modified with respect to this matter.

Lee and Ogle Counties Regional Office of Education #47's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Lee and Ogle Counties Regional Office of Education #47's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Lee and Ogle Counties Regional Office of Education #47 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lee and Ogle Counties Regional Office of Education #47's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lee and Ogle Counties Regional Office of Education #47's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003, that we consider to be a significant deficiency.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
March 13, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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?	No
Significant deficiency(ies) identified?	Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes

Type of auditors’ report issued on compliance for major federal programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? Yes

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.323A	Special Education – State Personnel Development

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

Auditee qualified as a low-risk auditee? No

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2014**

FINDING 2014-001 – Controls Over Financial Statement Preparation (Repeat from Findings 13-001, 12-1, 11-1, 10-1, and 09-1)

CRITERIA/SPECIFIC REQUIREMENT:

The Lee/Ogle Counties Regional Office of Education #47 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education #47's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

CONDITION:

The Regional Office of Education #47 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #47 maintains its accounting records on cash basis accounting during the fiscal year and maintains a list of year-end accrual adjustments for financial statement purposes. While the Regional Office of Education #47 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #47's financial information prepared by the Regional Office of Education #47, it was noted that the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, audit adjustments were proposed in order to ensure financial statement balances were accurate.

EFFECT:

The Regional Office of Education #47 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2014**

FINDING 2014-001 – Controls Over Financial Statement Preparation (Repeat from Findings 13-001, 12-1, 11-1, 10-1, and 09-1) (Concluded)

CAUSE:

According to the Regional Office of Education #47 management, fiscal staff did not effectively detect all of the adjustments needed in order to present financial statements in accordance with GAAP.

RECOMMENDATION:

As part of internal control over the preparation of financial statements, the Regional Office of Education #47 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #47's activities and operations.

MANAGEMENT'S RESPONSE:

As part of our internal control over the preparation of our financial statements, the Regional Office of Education #47 will continue to provide a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures are complete and accurate on a monthly basis. The Regional Superintendent will continue to review all financial statements (including accruals) striving to be as accurate as possible, hoping to eliminate this finding in the future.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2014**

FINDING 2014-002 – Inadequate Internal Control Procedures Over Expenditures

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education #47 is required to maintain a system of controls over receipts, disbursements, and reporting to prevent errors and fraud.

CONDITION:

Internal controls over disbursements are not effectively designed and implemented. Specifically, auditors in their review of the Regional Office’s financial processes and accounting records, noted four instances in which the Regional Superintendent of Schools approved his own expenditure requests for Procurement-Card purchases.

EFFECT:

The Regional Office of Education #47 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect errors, omissions, and/or fraud in a timely manner.

CAUSE:

Internal controls over management’s expenditures are not effectively designed and implemented.

RECOMMENDATION:

The Regional Office of Education #47 should implement internal controls to ensure an appropriate review and approval process is in place to determine that all disbursements, including disbursement requests from the Regional Superintendent of Schools, are accurate and appropriate.

MANAGEMENT’S RESPONSE:

As part of our internal control over reimbursement requests, the Regional Office of Education #47 has implemented a more comprehensive review procedure to ensure all expenditure requests, including Procurement-Card purchases, for the Regional Superintendent are approved by the Assistant Regional Superintendent.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2014**

FINDING 2014-003 – Internal Controls Over Grant Reporting

Federal Program: Special Education – State Personnel Development

Project Number: 2014-4631-RN

CFDA Number: 84.323A

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

CRITERIA/SPECIFIC REQUIREMENT:

The Office of Management and Budget (OMB) Circular A-102 Common Rule and OMB Circular A-110 require non-federal entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. The objectives of internal control pertaining to the compliance requirements for federal programs are found in OMB Circular A-133.

CONDITION:

The Regional Office of Education #47's internal controls over the reporting of federal compliance requirements are not operating effectively. Eight transactions totaling \$11,637 were inappropriately classified as Payments to Other Governments within the general ledger and on the expenditure reports submitted to the Illinois State Board of Education (ISBE). They should have been classified as Improvement of Instruction Services – Purchased Services based on the approved grant budget and generally accepted accounting principles.

QUESTIONED COSTS:

None

CONTEXT:

Total expenditures for Regional Office of Education #47 for Special Education – State Personnel Development project number 2014-4631-RN as of June 30, 2014 were \$1,121,799. Total grant expenditures within Improvement of Instruction Services – Purchased Services were \$56,456, after the above misclassifications were corrected.

EFFECT:

Expenditures were misclassified on the expenditure reports submitted to the ISBE and in the general ledger.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2014**

FINDING 2014-003 – Internal Controls Over Grant Reporting (Concluded)

CAUSE:

Regional Office of Education #47 officials were unaware how to properly classify and record grant expenditures in the general ledger.

RECOMMENDATION:

The Regional Office of Education #47 should establish a set of internal controls over federal compliance to ensure that the general ledger and all grant expenditure reports are accurate prior to submission to the granting agency. These internal controls should include procedures to ensure that grant expenditures are being recorded to the appropriate general ledger account based on generally accepted accounting principles and the approved grant budget. The Regional Office of Education #47 has already corrected the general ledger for this misclassification, but should also contact the ISBE to determine if an amended expenditure report should be submitted.

MANAGEMENT'S RESPONSE:

As part of our internal control over reporting of grant expenditure reports, the Regional Office of Education #47 has implemented a more comprehensive review procedure to maintain that all expenditure reports are accurate. The Regional Office of Education #47 has contacted ISBE regarding amending this expenditure report. Since the misclassification occurred during the open grant period, and our budget does not need to be amended due to the misclassification, ISBE has advised no amended expenditure report is necessary.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDING
For the Year Ended June 30, 2014**

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

FINDING 2014-003 – (finding details on pages 13d-13e)

MATERIAL WEAKNESSES

None

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2014**

Corrective Action Plan

FINDING 2014-001 – Controls Over Financial Statement Preparation

CONDITION:

The Regional Office of Education #47 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #47 maintains its accounting records on cash basis accounting during the fiscal year and maintains a list of year-end accrual adjustments for financial statement purposes. While the Regional Office of Education #47 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #47's financial information prepared by the Regional Office of Education #47, it was noted that the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, audit adjustments were proposed in order to ensure financial statement balances were accurate.

PLAN:

As part of our internal control over the preparation of our financial statements, the Regional Office of Education #47 will continue to provide a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures are complete and accurate. Unfortunately, hiring an individual trained in General Accepted Accounting Principles will probably still be cost-prohibitive to our small government entity.

ANTICIPATED DATE OF COMPLETION:

Immediately

CONTACT PERSON:

Honorable Paul McMahon, Regional Superintendent of Schools

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2014**

Corrective Action Plan

FINDING 2014-002 – Inadequate Internal Control Procedures Over Expenditures

CONDITION:

Internal controls over disbursements are not effectively designed and implemented. Specifically, auditors in their review of the Regional Office’s financial processes and accounting records, noted four instances in which the Regional Superintendent of Schools approved his own expenditure requests for Procurement-Card purchases.

PLAN:

The Regional Office of Education #47 will ensure that all Procurement-Card purchases for the Regional Superintendent will be signed and approved by the Assistant Regional Superintendent.

ANTICIPATED DATE OF COMPLETION:

June 30, 2015

CONTACT PERSON:

Honorable Paul McMahon, Regional Superintendent of Schools

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2014**

Corrective Action Plan

FINDING 2014-003 – Internal Controls Over Grant Reporting

CONDITION:

The Regional Office of Education #47's internal controls over the reporting of federal compliance requirements are not operating effectively. Eight transactions totaling \$11,637 were inappropriately classified as Payments to Other Governments within the general ledger and on the expenditure reports submitted to the Illinois State Board of Education (ISBE). They should have been classified as Improvement of Instruction Services – Purchased Services based on the approved grant budget and generally accepted accounting principles.

PLAN:

The Regional Office of Education #47 will continue to review all expenditure reports to ensure accuracy before submission to ISBE.

ANTICIPATED DATE OF COMPLETION:

Immediately

CONTACT PERSON:

Honorable Paul McMahon, Regional Superintendent of Schools

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2014**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2013-001	Controls Over Financial Statement Preparation	Repeated

BASIC FINANCIAL STATEMENTS

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 369,414	\$ 103,664	\$ 473,078
Accounts receivable	18,761	-	18,761
Due from other governments	472,908	4,525	477,433
Prepaid expenses	32,599	-	32,599
Total Current Assets	<u>893,682</u>	<u>108,189</u>	<u>1,001,871</u>
NONCURRENT ASSETS			
Capital assets, being depreciated, net	45,656	-	45,656
TOTAL ASSETS	<u>939,338</u>	<u>108,189</u>	<u>1,047,527</u>
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	5,725	6,695	12,420
Accrued payroll and employee benefits	17,067	-	17,067
Due to other governments	168,340	-	168,340
Capital leases payable - current	4,179	-	4,179
Unearned revenue	810	-	810
Total Current Liabilities	<u>196,121</u>	<u>6,695</u>	<u>202,816</u>
NONCURRENT LIABILITIES			
Capital leases payable - noncurrent	12,129	-	12,129
Total Noncurrent Liabilities	<u>12,129</u>	<u>-</u>	<u>12,129</u>
TOTAL LIABILITIES	<u>208,250</u>	<u>6,695</u>	<u>214,945</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
NET POSITION			
Net investment in capital assets	29,348	-	29,348
Unrestricted	611,735	101,494	713,229
Restricted for educational purposes	90,005	-	90,005
TOTAL NET POSITION	<u>\$ 731,088</u>	<u>\$ 101,494</u>	<u>\$ 832,582</u>

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014**

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues		Primary Government		Total
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instructional Services:						
Salaries	\$ 1,027,939	\$ 27,840	\$ 656,750	\$ (343,349)	\$ -	\$ (343,349)
Employee benefits	213,150	5,317	156,650	(51,183)	-	(51,183)
Purchased services	367,930	17,905	233,640	(116,385)	-	(116,385)
Supplies and materials	97,968	282	88,792	(8,894)	-	(8,894)
Depreciation	35,067	124	-	(34,943)	-	(34,943)
Payments to other governmental units	1,481,203	-	1,357,218	(123,985)	-	(123,985)
Administrative:						
On-behalf payments	468,729	-	-	(468,729)	-	(468,729)
Total Governmental Activities	3,691,986	51,468	2,493,050	(1,147,468)	-	(1,147,468)
Business-Type Activities:						
Other	159,304	188,038	-	-	28,734	28,734
Total Business-type Activities	159,304	188,038	-	-	28,734	28,734
Total Primary Government	\$ 3,851,290	\$ 239,506	\$ 2,493,050	(1,147,468)	28,734	(1,118,734)
General Revenues and Transfers:						
Local sources				124,656	-	124,656
State sources				541,864	-	541,864
On-behalf payments				468,729	-	468,729
Loss on disposal of capital assets				(132)		(132)
Interest				795	-	795
Transfers				(2,959)	2,959	-
Total General Revenues and Transfers				1,132,953	2,959	1,135,912
Change in net position				(14,515)	31,693	17,178
Net Position - beginning (restated, see Note 16)				745,603	69,801	815,404
Net Position - ending				\$ 731,088	\$ 101,494	\$ 832,582

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 306,501	\$ 1,957	\$ 60,956	\$ -	\$ 369,414
Accounts receivable	-	-	18,761	-	18,761
Due from other funds	307,573	-	-	(307,573)	-
Due from other governments	12,705	460,203	-	-	472,908
Prepaid expenses	20,877	11,722	-	-	32,599
Total assets	<u>647,656</u>	<u>473,882</u>	<u>79,717</u>	<u>(307,573)</u>	<u>893,682</u>
DEFERRED OUTFLOWS OF RESOURCES					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	<u>\$ 647,656</u>	<u>\$ 473,882</u>	<u>\$ 79,717</u>	<u>\$ (307,573)</u>	<u>\$ 893,682</u>
LIABILITIES					
Accounts payable	\$ 5,725	\$ -	\$ -	\$ -	\$ 5,725
Accrued payroll and employee benefits	-	17,067	-	-	17,067
Due to other funds	2,283	301,798	3,492	(307,573)	-
Due to other governments	25,045	143,295	-	-	168,340
Unearned revenue	-	-	810	-	810
Total liabilities	<u>33,053</u>	<u>462,160</u>	<u>4,302</u>	<u>(307,573)</u>	<u>191,942</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	20,849	-	-	20,849
FUND BALANCES (DEFICITS)					
Nonspendable	20,877	11,722	-	-	32,599
Restricted	-	-	78,283	-	78,283
Unassigned	593,726	(20,849)	(2,868)	-	570,009
Total fund balance (deficit)	<u>614,603</u>	<u>(9,127)</u>	<u>75,415</u>	<u>-</u>	<u>680,891</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)					
	<u>\$ 647,656</u>	<u>\$ 473,882</u>	<u>\$ 79,717</u>	<u>\$ (307,573)</u>	<u>\$ 893,682</u>

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2014**

Total fund balances - governmental funds	\$	680,891
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$217,415.</p>		45,656
<p>Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.</p>		20,849
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Capital lease payable		(16,308)
Net position of governmental activities	\$	731,088

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

	General Fund	Education Fund	Nonmajor Special-Revenue Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 125,121	\$ -	\$ 50,566	\$ 175,687
State sources	541,864	440,908	903	983,675
Federal sources	-	2,031,293	-	2,031,293
On-behalf payments	468,729	-	-	468,729
Total revenues	<u>1,135,714</u>	<u>2,472,201</u>	<u>51,469</u>	<u>3,659,384</u>
EXPENDITURES				
Instructional services:				
Salaries	352,244	647,554	28,141	1,027,939
Employee benefits	53,318	154,456	5,376	213,150
Purchased services	119,463	230,368	18,099	367,930
Supplies and materials	10,134	87,549	285	97,968
Payments to other governmental units	123,985	1,357,218	-	1,481,203
On-behalf payments	468,729	-	-	468,729
Capital outlay	-	3,564	-	3,564
Total expenditures	<u>1,127,873</u>	<u>2,480,709</u>	<u>51,901</u>	<u>3,660,483</u>
Excess/(Deficiency) of revenues over expenditures	<u>7,841</u>	<u>(8,508)</u>	<u>(432)</u>	<u>(1,099)</u>
OTHER FINANCING SOURCES (USES)				
Repayment of long-term lease payable	(3,841)	-	-	(3,841)
Transfers out	(2,959)	-	-	(2,959)
Interest	795	-	-	795
Total other financing sources (uses)	<u>(6,005)</u>	<u>-</u>	<u>-</u>	<u>(6,005)</u>
Net change in fund balances	1,836	(8,508)	(432)	(7,104)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	586,960	(1,268)	75,847	661,539
PRIOR PERIOD ADJUSTMENTS (See Note 16)	<u>25,807</u>	<u>649</u>	<u>-</u>	<u>26,456</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR - Restated	<u>612,767</u>	<u>(619)</u>	<u>75,847</u>	<u>687,995</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 614,603</u>	<u>\$ (9,127)</u>	<u>\$ 75,415</u>	<u>\$ 680,891</u>

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

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

Net change in fund balances \$ (7,104)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures and proceeds from disposals as revenue. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense and gains and losses are reported on disposals.

Capital outlay	\$ 3,564	
Depreciation expense	(35,067)	
Loss on asset disposals	<u>(132)</u>	(31,635)

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

Current year unavailable revenue	20,849	
Prior year unavailable revenue	<u>(466)</u>	20,383

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

Repayment of principal of capital leases payable		<u>3,841</u>
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Change in net position of governmental activities		<u><u>\$ (14,515)</u></u>
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The notes to the financial statements are an integral part of this statement.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014**

	Business-type Activities Enterprise Funds		Total
	Workshops	Nonmajor Enterprise Funds	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 78,117	\$ 25,547	\$ 103,664
Due from other governments	2,491	2,034	4,525
Total current assets	<u>80,608</u>	<u>27,581</u>	<u>108,189</u>
 Total Assets	 <u>80,608</u>	 <u>27,581</u>	 <u>108,189</u>
 Deferred Outflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,180	5,515	6,695
Total current liabilities	<u>1,180</u>	<u>5,515</u>	<u>6,695</u>
 Deferred Inflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
NET POSITION			
Unrestricted	79,428	22,066	101,494
Total Net Position	<u>\$ 79,428</u>	<u>\$ 22,066</u>	<u>\$ 101,494</u>

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

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Business-Type Activities Enterprise Funds		Total
	Workshops	Nonmajor Enterprise Funds	
Operating Revenues			
Charges for services	\$ 93,546	\$ 94,492	\$ 188,038
Operating Expenses			
Salaries	17,165	35,931	53,096
Employee benefits	3,305	1,295	4,600
Purchased services	53,730	41,555	95,285
Supplies and materials	5,848	475	6,323
Total operating expenses	<u>80,048</u>	<u>79,256</u>	<u>159,304</u>
Operating Income (Loss)	<u>13,498</u>	<u>15,236</u>	<u>28,734</u>
Nonoperating Revenues (Expenses)			
Transfers in	<u>2,959</u>	-	<u>2,959</u>
Total nonoperating revenues (expenses)	<u>2,959</u>	-	<u>2,959</u>
Change in net position	16,457	15,236	31,693
Net Position, Beginning of year	<u>62,971</u>	<u>6,830</u>	<u>69,801</u>
Net Position, End of year	<u>\$ 79,428</u>	<u>\$ 22,066</u>	<u>\$ 101,494</u>

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014**

	Business-type Activities Enterprise Funds		Total
	Workshops	Nonmajor Enterprise Funds	
Cash flows from Operating Activities:			
Receipts from customers	\$ 94,110	\$ 92,458	\$ 186,568
Payments to suppliers and providers of goods and services	(60,403)	(36,864)	(97,267)
Payments to employees	(20,470)	(37,226)	(57,696)
Net cash provided by (used for) operating activities	<u>13,237</u>	<u>18,368</u>	<u>31,605</u>
Cash Flows from Noncapital Financing Activities:			
Cash transfers from other funds	2,959	-	2,959
Net cash provided by (used for) noncapital financing activities	<u>2,959</u>	<u>-</u>	<u>2,959</u>
Net increase (decrease) in cash and cash equivalents	16,196	18,368	34,564
Cash and cash equivalents, Beginning of year	<u>61,921</u>	<u>7,179</u>	<u>69,100</u>
Cash and cash equivalents, End of year	<u>\$ 78,117</u>	<u>\$ 25,547</u>	<u>\$ 103,664</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 13,498	\$ 15,236	\$ 28,734
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) decrease in assets:			
Due from other governments	564	(2,034)	(1,470)
Increase (decrease) in liabilities:			
Accounts payable	(825)	5,166	4,341
Net cash provided by (used for) operating activities	<u>\$ 13,237</u>	<u>\$ 18,368</u>	<u>\$ 31,605</u>

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

**LEE AND OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2014**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 6,310
Due from other governments	<u>3,325</u>
TOTAL ASSETS	<u><u>\$ 9,635</u></u>
LIABILITIES	
Due to other governments	<u>\$ 9,635</u>
TOTAL LIABILITIES	<u><u>\$ 9,635</u></u>

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #47 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2014, the Regional Office of Education #47 implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The Regional Office of Education #47 implemented these standards during the current year; however, GASB Statement No. 66, GASB Statement No. 67, and GASB Statement No. 70 had no impact on the financial statements. The implementation of GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB Statement No. 66 resolved conflicting guidance that resulted from the issuance of GASB Statements 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.

A. Date of Management's Review

Management has evaluated subsequent events through March 13, 2015, the date when the financial statements were available to be issued.

B. Financial Reporting Entity

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers' institutes as well as aiding and encouraging the formation of other teachers' meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent's office; and filing and keeping 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 Regional Office of Education #47's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Concluded)

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts within the region are properly bonded. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2014, the Regional Office of Education #47 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #47. Such activities are reported as a single major special revenue fund (Education Fund).

C. Scope of Reporting Entity

The Regional Office of Education #47's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #47 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #47 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 criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #47 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #47 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #47 being considered a component unit of the entity.

D. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #47's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #47 also has business-type activities that rely on fees and charges for support.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements (Concluded)

The Regional Office of Education #47's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #47 accompanied by a total column. These statements are presented using an economic resources measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #47's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources/uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent shortfalls in cash flow within grant programs and funds or to move unrestricted funding.

E. Proprietary Fund Financial Statements

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Proprietary Fund Financial Statements (Concluded)

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

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

F. Governmental Fund Financial Statements

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., when both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

G. Measurement Focus and Basis of Accounting

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Measurement Focus and Basis of Accounting (Concluded)

The governmental funds financial statements focus on the measurement of spending, or "financial flow," and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to Regional Office of Education #47; therefore, revenues are considered to be earned to the extent of expenditures made under the provisions of the grant. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education #47 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Regional Office of Education #47's policy to first apply restricted funds, then unrestricted funds as they are needed. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. Fund Accounting

The Regional Office of Education #47 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #47 uses governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are reported. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as a fund balance.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #47 has presented all major funds that met the above qualifications.

The Regional Office of Education #47 reports the following major governmental funds:

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted and reported for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

Local Fund – to account for monies received for, and payment of, expenditures for various educational workshops and interest income related to various grants.

E-Rate – to account for monies received through the E-Rate program that are used to help ensure that schools and libraries can obtain telecommunications and internet access at affordable rates.

Alternative Learning Opportunity Program – General State Aid (ALOP-GSA) – to account for state aid funds received for, and payment of, expenditures relating to the operation of an Alternative Learning Opportunity Program.

Regional Safe Schools Program – General State Aid (RSSP-GSA) – to account for the state aid funds received for, and payment of, the expenditures relating to the Regional Safe Schools Program – General State Aid.

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

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 specified purposes supporting education enhancement programs as follows:

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

Early Childhood Block Grant – to account for grant monies received for, and payment of, expenditures relating to the Early Childhood Block Grant Prevention Initiative program.

Preschool for All – to account for grant monies received for, and payment of, expenditures relating to the Early Childhood Block Grant Preschool for All Children Program.

Foundation Level Services – to account for grant monies received for, and payment of, expenditures relating to the Title I School Improvement and Accountability Part A – Statewide System of Support program. This fund supports the improvement of basic programs operated by the Regional Office of Education #47 by providing professional development for data analysis, school improvement plan/development, standards-aligned curriculum/instruction, and classroom assessment to System of Support status schools on the Academic Early Warning and Watch lists.

IDEA Improvement Grant, Part D – to account for grant monies passed through the Illinois State Board of Education (ISBE) received for, and payment of expenditures relating to the Individuals with Disabilities Education Act (IDEA) – Response to Intervention program, which provides a statewide network for technical assistance and professional development.

McKinney Education for Homeless Children – to account for grant monies associated with a federal program designed to provide counseling and education support to homeless children and their families. This program is funded by the Stewart B. McKinney Education for Homeless Children and Youth grant and passed through the ISBE.

Math and Science Partnerships – to account for grant monies received for, and payment of, expenditures for improving teacher knowledge and skills in mathematics and science such that they prepare content-rich, contextual learning experiences which will increase the achievement of their middle school students in math and/or science.

National School Lunch – to account for federal grant monies passed through the ISBE under the National School Lunch Program to provide lunch to students enrolled in the Regional Office of Education #47's alternative education programs.

School Breakfast Program – to account for federal grant monies passed through the ISBE under the School Breakfast Program to provide breakfast to students enrolled in the Regional Office of Education #47's alternative education programs.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

State Free Lunch and Breakfast – to account for monies used to provide breakfast and lunch to students who qualify for free lunch and breakfast and are enrolled in the Regional Office of Education #47's alternative education programs.

Regional Safe Schools Program - This program works with students in grades 6-12 who have been suspended multiple times or expelled from school, allowing them to continue their education. It provides instruction services and materials for the alternative school program for at-risk youth, creating alternative placement for those students into a safe school program.

ROE Operations – to account for the funding of the Regional Office of Education #47 pursuant to the Illinois Administrative Code which mandates the Regional Office to provide professional development activities in the fundamental learning areas, gifted education, administrators' academy, school improvement, technology and other activities based upon the needs of local school districts and State and federal mandates.

Rural Education Achievement Program – to account for the grant monies received for, and payment of, expenditures relating to the federal Small, Rural School Achievement Program.

Social Emotional Learning – to account for the grant monies received for, and payment of, the expenditures relating to the Social Emotional Learning Program.

Title I – Migrant Education and Title I – Migrant Incentive – to account for grant monies received for, and payment of, the expenditures relating to the federal Migrant Education Program (MEP) and the MEP Consortium Incentive Grants. These programs support high quality education programs for migratory children to address their special needs and to ensure that such children receive full and appropriate opportunities to meet the same challenging academic content and student academic achievement standards that all children are expected to meet.

Title II – Teacher Quality Leadership – to account for the proceeds of a grant passed through the ISBE to provide training and professional development for the improvement of teacher preparation programs.

Truants Alternative Program – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education #47. It offers prevention and intervention services, which include case management, home visits, school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Concluded)

Nonmajor Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Bus Driver Training – to account for State and local resources accumulated for, and payment of, expenses of issuing school bus driver permits and administering school bus driver training.

General Education Development – to account for proceeds earned from students who participate in the high school equivalence program. These proceeds are used to pay the administrative expenses incurred to administer the GED program.

Institute – to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teachers' institutes, conferences and workshops or meetings of a professional nature that are designed to promote growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

Proprietary Funds

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional Office of Education #47 reports the following enterprise funds:

Major Proprietary Fund – The Regional Office of Education #47 reports the following proprietary fund as a major fund:

Workshops – to account for workshops associated with various grant programs.

Nonmajor Proprietary Funds – The Regional Office of Education #47 reports the following nonmajor proprietary funds:

School Improvement Plan (SIP) – to account for monies received from school districts held for expenses relating to their school improvement plans.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Proprietary Funds (Concluded)

Fingerprinting – to account for resources accumulated for, and payment of, expenses of providing criminal background checks.

Fiduciary Funds

Agency Funds are used to account for assets held by the Regional Office of Education #47 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Agency funds include the following:

Impact Fees – to account for monies received from owners/builders for the issuance of a zoning certificate. The Regional Superintendent, as agent, remits the fees collected to the appropriate school district.

Petitions Fund – to account for the receipts and disbursements related to petitions filed for annexation or detachment of school district boundaries. The Regional Superintendent, as agent, remits the fees collected to the appropriate agencies.

15th Judicial Circuit Family Violence Coordinating Council – to account for monies received from the Illinois Family Violence Coordinating Council to provide community awareness, coordination, and training to impede family violence. All disbursements are at the discretion of the Illinois Criminal Justice Information Authority.

15th Judicial Circuit Family Violence Coordinating Council – Arrest Grant – to account for monies received from the Illinois Violence Prevention Authority under the Grants to Encourage Arrest Policies and Enforcement program. This program is used to update protocols and train personnel for procedures during an arrest and investigation with a family violence allegation. All disbursements are at the discretion of the Illinois Criminal Justice Information Authority.

I. Governmental Fund Balances

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Governmental Fund Balances (Concluded)

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. The following General Fund accounts have nonspendable fund balances: Local Fund and ALOP-GSA. The Education Fund IDEA Improvement Grants, Part D accounts also have a nonspendable fund balance.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Bus Driver Training and Institute.

Committed Fund Balance – The portion of a governmental fund’s net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #47 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. There are no accounts that have an assigned fund balance.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances (deficits): Local Fund, E-Rate, and ALOP-GSA. The following Education Fund accounts have an unassigned fund deficit: IDEA Improvement Grants, Part D. The following Nonmajor Special Revenue Fund accounts have an unassigned fund deficit: General Education Development.

J. Net Position

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

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

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

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #47 considers all liquid investments, including certificates of deposit, to be cash equivalents.

L. Inventory

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.

M. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives in excess of one year are reported at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5-7 years.

N. Impairment of Long-Lived Assets

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

O. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

P. Deferred Inflows and Outflows of Resources

GASB Statement No. 65 reclassified as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities. Decreases in net assets that relate to future periods are reported as deferred outflows of resources. Increases in net assets that relate to future periods are reported as deferred inflows of resources. When an asset is recorded in the governmental fund financial statements but the revenue is not available, the Regional Office reports a deferred inflow of resources until such time as the revenue becomes available. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are not available if they are received more than 60 days after the end of the fiscal year.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Q. Compensated Absences

Full-time employees can earn from 10 to 15 vacation days for a full year of service. Employee vacation pay is recorded when paid. Upon termination, employees can receive accrued vacation pay. However, vacation time cannot be carried forward into the next calendar year, so no accrued vacation liability is recorded.

An employee working 20 hours or more per week is entitled to ten sick days annually. Employee sick leave is recorded when paid. Unused sick days may be allowed to accumulate to a maximum amount allowable by TRS or IMRF without penalty. Upon termination, employees do not receive any accumulated sick leave pay, and therefore no liability is accrued.

An employee working 20 hours or more per week is entitled to two personal leave days per year. Personal leave days do not accumulate from year to year, but unused leave days will be allowed to accumulate toward the sick leave accumulation maximum.

R. 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.

S. Budget Information

The Regional Office of Education #47 acts as the administrative agent for certain grant programs that are accounted for within the Education Fund. These programs have separate budgets and are required to be reported to the Illinois State Board of Education and Illinois Department of Human Services; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: Early Childhood Block Grant, Preschool for All, Foundation Level Services, IDEA Improvement Grants, Part D, McKinney Education for Homeless Children, Math and Science Partnerships, Regional Safe Schools, ROE Operations, Title I – Migrant Education, Title I – Migrant Incentive, Title II – Teacher Quality Leadership, and Truants Alternative Education.

T. Long-Term Obligations

Long-term liabilities are reported only on the Statement of Net Position and consist of a capital lease as discussed further in Note 12.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2: CASH AND CASH EQUIVALENTS

The Regional Office of Education #47's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the Regional Office of Education #47 to purchase certain obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal Depository Insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

A. Cash Deposits

At June 30, 2014, the carrying amount of the Regional Office of Education #47's government-wide and fiduciary fund deposits were \$473,078 and \$6,310, respectively, and the bank balances were \$661,005 and \$6,310, respectively. At June 30, 2014, \$250,000 of the Regional Office of Education #47's cash deposits were insured by the Federal Deposit Insurance Corporation. Another \$379,375 was collateralized by securities pledged and \$18,137 was invested in the Illinois Funds Money Market Fund. At June 30, 2014, the Regional Office of Education #47's uninsured cash balance totaled \$19,803.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #47's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #47.

B. Investments

The Regional Office of Education #47's investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2014, the Regional Office of Education #47 had investments with carrying and fair values of \$18,137 invested in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2014, the Illinois Funds Money Market Fund had a Standard and Poor's AAA rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)

B. Investments (Concluded)

Interest Rate Risk

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

Concentration of Credit Risk

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

NOTE 3: DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #47's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #47's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education #47's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #47's annual required contribution rate for calendar year 2013 was 9.54%. The Regional Office of Education #47 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2013 was \$32,897.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

THREE YEAR TREND INFORMATION

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 32,897	100%	\$ -
12/31/12	33,534	100%	-
12/31/11	29,007	100%	-

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included a) 7.5% investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #47's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #47's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 44.84% funded. The actuarial accrued liability for benefits was \$322,352 and the actuarial value of assets was \$144,530, resulting in an underfunded actuarial accrued liability (UAAL) of \$177,822. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$344,835 and the ratio of the UAAL to the covered payroll was 52%.

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

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #47 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.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The active member contribution rate for the year ended June 30, 2014, was 9.4% 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% for the years ended June 30, 2013 and 2012.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #47's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #47. For the year ended June 30, 2014, the State of Illinois contributions were based on 35.41% of creditable earnings not paid from federal funds, and the Regional Office of Education #47 recognized revenue and expenditures of \$208,978 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% (\$213,002) and 24.91% (\$160,366), respectively.

The Regional Office of Education #47 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2014 were \$3,105. Contributions for the years ending June 30, 2013, and June 30, 2012, were \$3,269 and \$2,631, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #47, there is a statutory requirement for the Regional Office of Education #47 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% 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%, respectively. For the year ended June 30, 2014, salaries totaling \$144,244 were paid from federal and special trust funds that required employer contributions of \$51,077. For the years ended June 30, 2013 and June 30, 2012, required Regional Office of Education #47 contributions were \$48,792 and \$26,563, respectively.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONCLUDED)

- **Early retirement option.** The Regional Office of Education #47 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% and applies when the member is age 55 at retirement.

For the year ended June 30, 2014, the Regional Office of Education #47 paid no employer contributions to TRS under the ERO program. For the years ended June 30, 2013 and June 30, 2012, the Regional Office of Education #47 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education #47 grants salary increases over 6% and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education #47 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%.

For the year ended June 30, 2014, the Regional Office of Education #47 paid \$0 to TRS for employer contributions due on salary increases in excess of 6%. For the years ended June 30, 2013 and June 30, 2012, the Regional Office of Education #47 paid no contributions to TRS for salary increases in excess of 6%.

- If the Regional Office of Education #47 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, Regional Office of Education #47 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.29% of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, the Regional Office of Education #47 paid no TRS contributions for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2013 and June 30, 2012, the Regional Office of Education #47 paid no employer contributions granted for sick leave days.

Further information on TRS. TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014.

The reports may be obtained by writing to the 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>.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 5: OTHER POST-EMPLOYMENT COMMITMENTS

The Regional Office of Education #47 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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

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

On-behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #47. State contributions are intended to match contributions to the THIS Fund from active members which were 0.97% of pay during the year ended June 30, 2014. State of Illinois contributions were \$5,192 and the Regional Office of Education #47 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% of pay, respectively. State contributions on behalf of the Regional Office of Education #47's employees were \$5,185 and \$3,991, respectively.

Employer contributions to THIS Fund. The Regional Office of Education #47 also makes contributions to THIS Fund. The Regional Office of Education #47 THIS Fund contribution was 0.72% during the year ended June 30, 2014 and 0.69% and 0.66% during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the Regional Office of Education #47 paid \$3,854 to the THIS Fund. For the years ended June 30, 2013 and 2012, the Regional Office of Education #47 paid \$3,889 and \$2,993, respectively, which was 100% of the required contribution.

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

Interfund due to / from other fund balances at June 30, 2014 consist of the following individual due to / from other funds in the governmental fund Balance Sheet. The interfund loan balances between governmental funds were eliminated in the government-wide Statement of Net Position.

Fund	Due From Other Funds	Due to Other Funds
General Fund		
Local Fund	\$ 307,573	\$ -
E-Rate	-	2,283
Education Fund		
Early Childhood Block Grant	-	2,664
Foundation Level Services	-	4,514
IDEA Improvement Grants, Part D	-	187,326
McKinney Education for Homeless Children	-	40,905
Regional Safe Schools Program	-	6,336
Social Emotional Learning	-	21,877
Title I – Migrant Education	-	5,986
Title I – Migrant Incentive	-	470
Title II – Teacher Quality Leadership	-	500
Truants Alternative Program	-	31,220
Nonmajor Special Revenue Funds		
General Education Development	-	3,492
	<u>\$ 307,573</u>	<u>\$ 307,573</u>

NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS

The Regional Office of Education #47's General Fund, Education Fund, Proprietary Fund, Agency Fund, and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due from Other Governmental Units:

General Fund	
Local Governments	\$ 12,705
Special Revenue Fund – Education Fund	
Illinois State Board of Education	438,326
Local Government	21,877
Proprietary Fund – Workshops	
Local Governments	2,491
Proprietary Fund – Nonmajor Enterprise Funds	
Local Governments	2,034

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS (CONCLUDED)

Due from Other Governmental Units (Concluded):

Fiduciary Fund					
Illinois Violence Prevention Authority					3,025
Local Governments					300
Total					\$ 480,758

Due to Other Governmental Units:

General Fund					
Local Governments					\$ 25,045
Special Revenue Fund – Education Fund					
Local Governments					143,295
Fiduciary Fund					
Local Governments					9,635
Total					\$ 177,975

NOTE 8: TRANSFERS

Interfund transfers in / out to other funds at June 30, 2014 consist of the following individual transfers in / out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

Fund	Transfers In	Transfers Out
General Fund		
Local Fund	\$ -	\$ 2,959
Proprietary Funds		
Workshops	2,959	-
	\$ 2,959	\$ 2,959

NOTE 9: DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

The governmental funds report a separate section for deferred inflows of resources. A deferred inflow of resources reflects an increase in net assets that applies to a future period. The Regional Office has only one type of item that is reported as a deferred inflow of resources. Grant revenues received more than 60 days after the end of the year, which are thus not available under the modified accrual basis of accounting, are reported as deferred inflows of resources in the governmental funds balance sheet.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 10: CAPITAL ASSETS

Governmental Activities

Capital asset activity for fiscal year 2014 was as follows:

	Balance July 1, 2013 (Restated)	Additions	Deletions	Balance June 30, 2014
Governmental Funds				
Total Capital Assets	\$ 446,033	\$ 3,564	\$ (186,526)	\$ 263,071
Less: Accumulated Depreciation	<u>(368,742)</u>	<u>(35,067)</u>	<u>186,394</u>	<u>(217,415)</u>
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 77,291</u>	<u>\$ (31,503)</u>	<u>\$ (132)</u>	<u>\$ 45,656</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$35,067 was charged to the governmental activities instructional services function on the government-wide Statement of Activities for the year ended June 30, 2014. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

Included in the capital asset activity above are assets under lease-purchase agreements. The gross amount of equipment assets recorded under lease-purchase agreements totaled \$22,190. The accumulated depreciation for these leased equipment assets totaled \$6,657.

NOTE 11: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which over expend appropriations during the year are required to be disclosed.

The following fund/fund account had deficit fund balances at June 30, 2014:

General Fund	
E-Rate	\$ 1,078
Education Fund	
IDEA Improvement Grants, Part D	9,127
Nonmajor Special Revenue Funds	
General Education Development	2,868

The Regional Office of Education #47 will monitor expenses within these programs during the course of the subsequent fiscal year.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 12: CAPITAL LEASES

The Regional Office of Education #47 has entered into lease agreements as lessee for financing the acquisition of copiers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account.

Future minimum lease obligations and the net present value of these lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 5,400
2016	5,400
2017	5,400
2018	<u>2,700</u>
Total minimum lease payments	18,900
Less: amount representing interest	<u>(2,592)</u>
Present value of minimum lease payments	<u>\$ 16,308</u>

<u>Capital Lease</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Funds	\$ 20,149	\$ -	\$ 3,841	\$ 16,308	\$ 4,179

NOTE 13: ON-BEHALF PAYMENTS

The State of Illinois pays the following salaries and benefits on behalf of Regional Office of Education #47:

Regional Superintendents Salaries	\$ 104,784
Regional Superintendents Fringe Benefits (Includes State paid insurance)	32,512
Assistant Regional Superintendents Salaries	94,320
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)	22,943
TRS Pension Contributions	208,978
THIS Fund Contributions	<u>5,192</u>
Total	<u>\$ 468,729</u>

Salary and benefit data for the Regional Superintendents and Assistant Regional Superintendents was calculated based on data provided by the Illinois State Board of Education. These amounts have been recorded in the accompanying governmental fund financial statements as State revenue and expenditures.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 14: RISK MANAGEMENT

The Regional Office of Education #47 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #47 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 15: OPERATING LEASES

On April 17, 2013 the Regional Office of Education #47 entered into an agreement for the lease of a school building. The lease agreement is for the period of August 1, 2013 through July 31, 2015, with quarterly payments of \$8,250. Lease expense for the building in fiscal year 2014 was \$33,000. Future minimum lease payments are \$33,000 in fiscal year 2015.

NOTE 16: PRIOR PERIOD ADJUSTMENTS

The beginning net position on the Statement of Activities was increased by \$19,302 as a result of the following prior period adjustments:

- A reduction of prior period net capital assets and net position of \$7,154 resulting from a correction of an error.
- The reclassification of the Private Purpose Trust out of the Fiduciary Fund and into the Governmental Funds as part of the Local Fund. The resulting increase in net position was \$26,308.
- The reclassification of the 15th Judicial Circuit Family Violence Coordinating Council and 15th Judicial Circuit Family Violence Coordinating Council – Arrest Grant funds out of the Governmental Funds and into Fiduciary Funds as agency funds. The resulting increase in net position was \$148.

In addition to the above adjustments to net position, the E-Rate fund was also reclassified out of the Education Fund and into the General Fund, which resulted in a decrease in General Fund total fund balance of \$501 and an increase in Education Fund total fund balance of the same amount.

NOTE 17: PROSPECTIVE ACCOUNTING CHANGE

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 18: REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013 the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2013. Effective July 1, 2015, Whiteside County will be included in the Regional Office of Education #47.

REQUIRED SUPPLEMENTARY INFORMATION

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
June 30, 2014**

**ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)
SCHEDULE OF FUNDING PROGRESS**

UNAUDITED

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	\$144,530	\$322,352	\$177,822	44.84%	\$344,835	51.57%
12/31/12	225,071	397,403	172,332	56.64%	350,774	49.13%
12/31/11	367,430	392,587	25,157	93.59%	281,344	8.94%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$195,888. On a market basis, the funded ratio would be 60.77%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Lee and Ogle Counties Regional Office of Education #47. They do not include amounts for retirees. The actual accrued liability for retirees is 100% funded.

SUPPLEMENTAL INFORMATION

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2014**

	Local Fund	E-Rate	Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Total
Assets					
Cash and cash equivalents	\$ 130,619	\$ -	\$ 175,882	\$ -	\$ 306,501
Due from other funds	307,573	-	-	-	307,573
Due from other governments	9,508	1,697	1,500	-	12,705
Prepaid expenses	779	-	20,098	-	20,877
Total Assets	448,479	1,697	197,480	-	647,656
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 448,479	\$ 1,697	\$ 197,480	\$ -	\$ 647,656
Liabilities					
Accounts payable	\$ 3,483	-	\$ 2,242	\$ -	\$ 5,725
Due to other funds	-	2,283	-	-	2,283
Due to other governments	-	492	24,553	-	25,045
Total Liabilities	3,483	2,775	26,795	-	33,053
Deferred Inflows of Resources	-	-	-	-	-
Fund Balance (Deficit)					
Nonspendable	779	-	20,098	-	20,877
Unassigned	444,217	(1,078)	150,587	-	593,726
Total Fund Balance (Deficit)	444,996	(1,078)	170,685	-	614,603
Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)	\$ 448,479	\$ 1,697	\$ 197,480	\$ -	\$ 647,656

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2014**

	Local Fund	E-Rate	Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Total
Revenues					
Local sources	\$ 92,524	\$ 5,097	\$ 27,500	\$ -	\$ 125,121
State sources	-	-	401,445	140,419	541,864
On-behalf payments	468,729	-	-	-	468,729
Total Revenues	<u>561,253</u>	<u>5,097</u>	<u>428,945</u>	<u>140,419</u>	<u>1,135,714</u>
Expenditures					
Salaries	55,304	-	276,940	20,000	352,244
Employee benefits	11,926	-	38,496	2,896	53,318
Purchased services	61,438	5,674	48,464	3,887	119,463
Payments to other governmental units	-	-	24,248	99,737	123,985
Supplies and materials	7,391	-	2,743	-	10,134
On-behalf payments	468,729	-	-	-	468,729
Total Expenditures	<u>604,788</u>	<u>5,674</u>	<u>390,891</u>	<u>126,520</u>	<u>1,127,873</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(43,535)</u>	<u>(577)</u>	<u>38,054</u>	<u>13,899</u>	<u>7,841</u>
Other Financing Sources (Uses):					
Repayment of long-term lease payable	(3,841)	-	-	-	(3,841)
Transfers out	(2,959)	-	-	-	(2,959)
Interest	795	-	-	-	795
Total Other Financing Sources (Uses)	<u>(6,005)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,005)</u>
Net change in fund balance (deficit)	(49,540)	(577)	38,054	13,899	1,836
Fund Balance (Deficit), Beginning of year	468,228	-	132,631	(13,899)	586,960
Prior Period Adjustment (See Note 16)	26,308	(501)	-	-	25,807
Fund Balance (Deficit), Beginning of year - Restated	<u>494,536</u>	<u>(501)</u>	<u>132,631</u>	<u>(13,899)</u>	<u>612,767</u>
Fund Balance (Deficit), End of year	<u>\$ 444,996</u>	<u>\$ (1,078)</u>	<u>\$ 170,685</u>	<u>\$ -</u>	<u>\$ 614,603</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2014**

	Early Childhood Block Grant	Preschool for All	Foundation Level Services	IDEA Improvement Grants, Part D	McKinney Education for Homeless Children	Math & Science Partnerships
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	2,664	-	4,514	321,031	46,483	-
Prepaid assets	-	-	-	11,722	-	-
Total Assets	<u>2,664</u>	<u>-</u>	<u>4,514</u>	<u>332,753</u>	<u>46,483</u>	<u>-</u>
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 2,664</u>	<u>\$ -</u>	<u>\$ 4,514</u>	<u>\$ 332,753</u>	<u>\$ 46,483</u>	<u>\$ -</u>
Liabilities						
Accrued payroll and employee benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	2,664	-	4,514	187,326	40,905	-
Due to other governments	-	-	-	133,705	5,578	-
Total Liabilities	<u>2,664</u>	<u>-</u>	<u>4,514</u>	<u>321,031</u>	<u>46,483</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	20,849	-	-
Fund Balances (Deficits)						
Nonspendable	-	-	-	11,722	-	-
Unassigned	-	-	-	(20,849)	-	-
Total Fund Balances (Deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,127)</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,664</u>	<u>\$ -</u>	<u>\$ 4,514</u>	<u>\$ 332,753</u>	<u>\$ 46,483</u>	<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2014**

	National School Lunch	School Breakfast Program	State Free Lunch and Breakfast	Regional Safe Schools Program	ROE Operations	Rural Education Achievement Program
Assets						
Cash and cash equivalents	\$ 1,360	\$ 539	\$ 58	\$ -	\$ -	\$ -
Due from other governments	-	-	3	6,336	-	-
Prepaid assets	-	-	-	-	-	-
Total Assets	<u>1,360</u>	<u>539</u>	<u>61</u>	<u>6,336</u>	<u>-</u>	<u>-</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,360</u>	<u>\$ 539</u>	<u>\$ 61</u>	<u>\$ 6,336</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities						
Accrued payroll and employee benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	6,336	-	-
Due to other governments	1,360	539	61	-	-	-
Total Liabilities	<u>1,360</u>	<u>539</u>	<u>61</u>	<u>6,336</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)						
Nonspendable	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,360</u>	<u>\$ 539</u>	<u>\$ 61</u>	<u>\$ 6,336</u>	<u>\$ -</u>	<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2014**

	Social Emotional Learning	Title I - Migrant Education	Title I - Migrant Incentive	Title II - Teacher Quality Leadership	Truants Alternative Education	Total
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,957
Due from other governments	21,877	24,103	1,472	500	31,220	460,203
Prepaid assets	-	-	-	-	-	11,722
Total Assets	<u>21,877</u>	<u>24,103</u>	<u>1,472</u>	<u>500</u>	<u>31,220</u>	<u>473,882</u>
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 21,877</u>	<u>\$ 24,103</u>	<u>\$ 1,472</u>	<u>\$ 500</u>	<u>\$ 31,220</u>	<u>\$ 473,882</u>
Liabilities						
Accrued payroll and employee benefits	\$ -	\$ 17,067	\$ -	\$ -	\$ -	\$ 17,067
Due to other funds	21,877	5,986	470	500	31,220	301,798
Due to other governments	-	1,050	1,002	-	-	143,295
Total Liabilities	<u>21,877</u>	<u>24,103</u>	<u>1,472</u>	<u>500</u>	<u>31,220</u>	<u>462,160</u>
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	-	-	20,849
Fund Balances (Deficits)						
Nonspendable	-	-	-	-	-	11,722
Unassigned	-	-	-	-	-	(20,849)
Total Fund Balances (Deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,127)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 21,877</u>	<u>\$ 24,103</u>	<u>\$ 1,472</u>	<u>\$ 500</u>	<u>\$ 31,220</u>	<u>\$ 473,882</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2014**

	Early Childhood Block Grant	Preschool for All	Foundation Level Services	IDEA Improvement Grants, Part D	McKinney Education for Homeless Children	Math & Science Partnerships
Revenues						
State sources	\$ 29,664	\$ 78,821	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	11,571	1,569,062	250,615	76,442
Total Revenues	<u>29,664</u>	<u>78,821</u>	<u>11,571</u>	<u>1,569,062</u>	<u>250,615</u>	<u>76,442</u>
Expenditures						
Salaries	22,417	63,780	4,960	221,699	56,410	31,363
Employee benefits	1,715	10,924	2,618	78,415	11,075	7,056
Purchased services	5,482	3,758	3,993	118,408	7,117	24,532
Supplies and materials	64	359	-	47,312	(191)	12,575
Payments to other governmental units	-	-	-	1,109,360	176,204	916
Capital outlay	-	-	-	2,995	-	-
Total Expenditures	<u>29,678</u>	<u>78,821</u>	<u>11,571</u>	<u>1,578,189</u>	<u>250,615</u>	<u>76,442</u>
Net change in fund balance (deficit)	(14)	-	-	(9,127)	-	-
Fund Balance (Deficit), Beginning of year - Restated (See Note 16)	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,127)</u>	<u>\$ -</u>	<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2014**

	National School Lunch	School Breakfast Program	State Free Lunch and Breakfast	Regional Safe Schools Program	ROE Operations	Rural Education Achievement Program
Revenues						
State sources	\$ -	\$ -	\$ 245	\$ 63,361	\$ 28,043	\$ -
Federal sources	9,400	3,576	-	-	-	18,083
Total Revenues	<u>9,400</u>	<u>3,576</u>	<u>245</u>	<u>63,361</u>	<u>28,043</u>	<u>18,083</u>
Expenditures						
Salaries	-	-	-	8,987	21,642	-
Employee benefits	-	-	-	1,274	3,816	-
Purchased services	-	-	245	1,767	2,573	719
Supplies and materials	-	-	-	58	12	11,935
Payments to other governmental units	9,400	3,576	-	51,275	-	4,700
Capital outlay	-	-	-	-	-	569
Total Expenditures	<u>9,400</u>	<u>3,576</u>	<u>245</u>	<u>63,361</u>	<u>28,043</u>	<u>17,923</u>
Net change in fund balance (deficit)	-	-	-	-	-	160
Fund Balance (Deficit), Beginning of year - Restated (See Note 16)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(160)</u>
Fund Balance (Deficit), End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2014**

	Social Emotional Learning	Title I - Migrant Education	Title I - Migrant Incentive	Title II - Teacher Quality Leadership	Truants Alternative Education	Total
Revenues						
State sources	\$ 118,196	\$ -	\$ -	\$ -	\$ 122,578	\$ 440,908
Federal sources	-	86,846	2,135	3,563	-	2,031,293
Total Revenues	<u>118,196</u>	<u>86,846</u>	<u>2,135</u>	<u>3,563</u>	<u>122,578</u>	<u>2,472,201</u>
Expenditures						
Salaries	77,700	42,919	-	-	95,677	647,554
Employee benefits	15,395	14,841	-	-	7,327	154,456
Purchased services	23,057	23,599	480	3,563	11,075	230,368
Supplies and materials	1,573	3,698	1,655	-	8,499	87,549
Payments to other governmental units	-	1,787	-	-	-	1,357,218
Capital outlay	-	-	-	-	-	3,564
Total Expenditures	<u>117,725</u>	<u>86,844</u>	<u>2,135</u>	<u>3,563</u>	<u>122,578</u>	<u>2,480,709</u>
Net change in fund balance (deficit)	471	2	-	-	-	(8,508)
Fund Balance (Deficit), Beginning of year - Restated (See Note 16)	<u>(471)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(619)</u>
Fund Balance (Deficit), End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,127)</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 29,664	\$ 29,664	\$ 29,664
Total Revenues	<u>29,664</u>	<u>29,664</u>	<u>29,664</u>
Expenditures			
Salaries	22,377	22,377	22,417
Employee benefits	1,684	1,684	1,715
Purchased services	5,405	5,405	5,482
Supplies and materials	198	198	64
Total Expenditures	<u>29,664</u>	<u>29,664</u>	<u>29,678</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(14)
Fund Balance, Beginning of year			<u>14</u>
Fund Balance, End of year			<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
PRESCHOOL FOR ALL
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 78,821	\$ 78,821	\$ 78,821
Total Revenues	<u>78,821</u>	<u>78,821</u>	<u>78,821</u>
Expenditures			
Salaries	63,284	63,284	63,780
Employee benefits	11,601	11,601	10,924
Purchased services	3,811	3,811	3,758
Supplies and materials	125	125	359
Total Expenditures	<u>78,821</u>	<u>78,821</u>	<u>78,821</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
FOUNDATION LEVEL SERVICES
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 65,788	\$ 65,788	\$ 11,571
Total Revenues	<u>65,788</u>	<u>65,788</u>	<u>11,571</u>
Expenditures			
Salaries	34,944	34,944	4,960
Employee benefits	18,436	18,436	2,618
Purchased services	12,408	12,408	3,993
Total Expenditures	<u>65,788</u>	<u>65,788</u>	<u>11,571</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			-
Fund Balance, End of year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2013 to October 31, 2014)
EDUCATION FUND ACCOUNTS
IDEA IMPROVEMENT GRANTS, PART D
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 2,400,000	\$ 2,400,000	\$ 1,112,672
Total Revenues	<u>2,400,000</u>	<u>2,400,000</u>	<u>1,112,672</u>
Expenditures			
Salaries	208,000	214,705	158,346
Employee benefits	73,269	76,123	56,929
Purchased services	805,518	712,496	58,203
Supplies and materials	43,150	45,750	21,285
Capital outlay	4,000	8,000	-
Payments to other governmental units	1,233,609	1,309,399	827,036
Other*	32,454	33,527	-
Total Expenditures	<u>2,400,000</u>	<u>2,400,000</u>	<u>1,121,799</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(9,127)
Fund Balance, Beginning of year			<u>-</u>
Fund Balance (Deficit), End of year			<u>\$ (9,127)</u>

* Other expenditures are comprised of indirect costs approved on the budget. These indirect costs are allocated to the applicable expenditure function in the actual amounts column.

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2012 to October 15, 2013)
EDUCATION FUND ACCOUNTS
IDEA IMPROVEMENT GRANTS, PART D
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,700,000	\$ 1,700,000	\$ 456,390
Total Revenues	<u>1,700,000</u>	<u>1,700,000</u>	<u>456,390</u>
Expenditures			
Salaries	185,000	195,667	63,353
Employee benefits	76,862	58,151	21,486
Purchased services	316,799	284,103	60,205
Supplies and materials	22,365	43,150	26,027
Capital outlay	2,500	4,000	2,995
Payments to other governmental units	1,077,132	1,096,279	282,324
Other*	19,342	18,650	-
Total Expenditures	<u>1,700,000</u>	<u>1,700,000</u>	<u>456,390</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			-
Fund Balance, End of year			<u>\$ -</u>

* Other expenditures are comprised of indirect costs approved on the budget. These indirect costs are allocated to the applicable expenditure function in the actual amounts column.

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2013 to August 31, 2014)
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 207,441	\$ 217,020	\$ 215,546
Total Revenues	<u>207,441</u>	<u>217,020</u>	<u>215,546</u>
Expenditures			
Salaries	43,800	43,800	43,800
Employee benefits	8,934	8,934	8,908
Purchased services	5,483	5,483	6,586
Supplies and materials	689	268	20
Payments to other governmental units	148,535	158,535	156,232
Total Expenditures	<u>207,441</u>	<u>217,020</u>	<u>215,546</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to September 30, 2013)
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 323,153	\$ 333,153	\$ 35,069
Total Revenues	<u>323,153</u>	<u>333,153</u>	<u>35,069</u>
Expenditures			
Salaries	60,840	61,340	12,610
Employee benefits	10,457	10,457	2,167
Purchased services	11,555	12,855	531
Supplies and materials	1,137	1,137	(211)
Payments to other governmental units	239,164	247,364	19,972
Total Expenditures	<u>323,153</u>	<u>333,153</u>	<u>35,069</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			-
Fund Balance, End of year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2012 to September 30, 2013)
EDUCATION FUND ACCOUNTS
MATH AND SCIENCE PARTNERSHIPS
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 140,000	\$ 140,000	\$ 76,442
Total Revenues	<u>140,000</u>	<u>140,000</u>	<u>76,442</u>
Expenditures			
Salaries	31,022	52,457	31,363
Employee benefits	12,241	14,746	7,056
Purchased services	76,988	53,048	24,532
Supplies and materials	12,749	12,749	12,575
Payments to other governmental units	7,000	7,000	916
Total Expenditures	<u>140,000</u>	<u>140,000</u>	<u>76,442</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 18, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 63,361	\$ 63,361	\$ 63,361
Total Revenues	<u>63,361</u>	<u>63,361</u>	<u>63,361</u>
Expenditures			
Salaries	9,000	9,000	8,987
Employee benefits	1,231	1,231	1,274
Purchased services	1,784	1,784	1,767
Supplies and materials	71	71	58
Payments to other governmental units	51,275	51,275	51,275
Total Expenditures	<u>63,361</u>	<u>63,361</u>	<u>63,361</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of August 1, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
ROE OPERATIONS
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 28,043	\$ 28,043	\$ 28,043
Total Revenues	<u>28,043</u>	<u>28,043</u>	<u>28,043</u>
Expenditures			
Salaries	21,642	21,642	21,642
Employee benefits	4,056	4,056	3,816
Purchased services	2,281	2,281	2,573
Supplies and materials	64	64	12
Total Expenditures	<u>28,043</u>	<u>28,043</u>	<u>28,043</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
TITLE I - MIGRANT EDUCATION (4340-00)
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 24,495	\$ 24,495	\$ 20,826
Total Revenues	<u>24,495</u>	<u>24,495</u>	<u>20,826</u>
Expenditures			
Salaries	9,642	9,642	8,994
Employee benefits	3,876	3,876	3,556
Purchased services	9,287	9,287	8,243
Supplies and materials	290	290	(6)
Capital outlay	800	800	-
Payments to other governmental units	600	600	37
Total Expenditures	<u>24,495</u>	<u>24,495</u>	<u>20,824</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	2
Fund Balance, Beginning of year			<u>(2)</u>
Fund Balance, End of year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of March 13, 2014 to August 31, 2014)
EDUCATION FUND ACCOUNTS
TITLE I - MIGRANT EDUCATION (4340-01)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 77,140	\$ 85,655	\$ 23,919
Total Revenues	<u>77,140</u>	<u>85,655</u>	<u>23,919</u>
Expenditures			
Salaries	46,802	46,802	18,705
Employee benefits	8,276	16,791	817
Purchased services	19,862	19,862	4,397
Supplies and materials	450	450	-
Payments to other governmental units	<u>1,750</u>	<u>1,750</u>	<u>-</u>
Total Expenditures	<u>77,140</u>	<u>85,655</u>	<u>23,919</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of March 15, 2013 to August 31, 2013)
EDUCATION FUND ACCOUNTS
TITLE I - MIGRANT EDUCATION (4340-01)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 84,951	\$ 84,951	\$ 42,101
Total Revenues	<u>84,951</u>	<u>84,951</u>	<u>42,101</u>
Expenditures			
Salaries	46,801	46,801	15,220
Employee benefits	15,543	15,543	10,468
Purchased services	19,657	19,657	10,959
Supplies and materials	1,200	1,200	3,704
Payments to other governmental units	1,750	1,750	1,750
Total Expenditures	<u>84,951</u>	<u>84,951</u>	<u>42,101</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of March 15, 2014 to August 31, 2014)
EDUCATION FUND ACCOUNTS
TITLE I - MIGRANT INCENTIVE
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 3,200	\$ 3,200	\$ 1,967
Total Revenues	<u>3,200</u>	<u>3,200</u>	<u>1,967</u>
Expenditures			
Purchased services	200	200	480
Supplies and materials	3,000	3,000	1,487
Total Expenditures	<u>3,200</u>	<u>3,200</u>	<u>1,967</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of March 15, 2013 to August 31, 2013)
EDUCATION FUND ACCOUNTS
TITLE I - MIGRANT INCENTIVE
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 3,200	\$ 3,200	\$ 168
Total Revenues	<u>3,200</u>	<u>3,200</u>	<u>168</u>
Expenditures			
Purchased services	200	200	-
Supplies and materials	3,000	3,000	168
Total Expenditures	<u>3,200</u>	<u>3,200</u>	<u>168</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			-
Fund Balance, End of year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of September 18, 2013 to August 31, 2014)
EDUCATION FUND ACCOUNTS
TITLE II - TEACHER QUALITY LEADERSHIP
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 3,263	\$ 3,263	\$ 3,063
Total Revenues	<u>3,263</u>	<u>3,263</u>	<u>3,063</u>
Expenditures			
Purchased services	3,263	3,263	3,063
Total Expenditures	<u>3,263</u>	<u>3,263</u>	<u>3,063</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u><u>\$ -</u></u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of June 10, 2013 to September 30, 2013)
EDUCATION FUND ACCOUNTS
TITLE II - TEACHER QUALITY LEADERSHIP
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 4,305	\$ 4,830	\$ 500
Total Revenues	<u>4,305</u>	<u>4,830</u>	<u>500</u>
Expenditures			
Purchased services	4,305	4,830	500
Total Expenditures	<u>4,305</u>	<u>4,830</u>	<u>500</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE EDUCATION
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 122,578	\$ 122,578	\$ 122,578
Total Revenues	<u>122,578</u>	<u>122,578</u>	<u>122,578</u>
Expenditures			
Salaries	95,677	95,677	95,677
Employee benefits	6,149	6,149	7,327
Purchased services	15,530	12,506	11,075
Supplies and materials	5,222	8,246	8,499
Total Expenditures	<u>122,578</u>	<u>122,578</u>	<u>122,578</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2014**

	Bus Driver Training	General Education Development	Institute	Total
Assets				
Cash and cash equivalents	\$ 4,053	\$ -	\$ 56,903	\$ 60,956
Accounts receivable	-	624	18,137	18,761
Total Assets	<u>4,053</u>	<u>624</u>	<u>75,040</u>	<u>79,717</u>
 Deferred Outflows of Resources	 -	 -	 -	 -
 Total Assets and Deferred Outflows of Resources	 <u>\$ 4,053</u>	 <u>\$ 624</u>	 <u>\$ 75,040</u>	 <u>\$ 79,717</u>
 Liabilities				
Due to other funds	\$ -	\$ 3,492	\$ -	\$ 3,492
Unearned revenue	-	-	810	810
Total Liabilities	<u>-</u>	<u>3,492</u>	<u>810</u>	<u>4,302</u>
 Deferred Inflows of Resources	 -	 -	 -	 -
 Fund Balance (Deficit)				
Restricted	4,053	-	74,230	78,283
Unassigned	-	(2,868)	-	(2,868)
Total Fund Balances (Deficits)	<u>4,053</u>	<u>(2,868)</u>	<u>74,230</u>	<u>75,415</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)	 <u>\$ 4,053</u>	 <u>\$ 624</u>	 <u>\$ 75,040</u>	 <u>\$ 79,717</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2014**

	Bus Driver Training	General Education Development	Institute	Total
Revenue				
Local sources	\$ 2,424	\$ 9,401	\$ 38,741	\$ 50,566
State sources	903	-	-	903
Total Revenues	<u>3,327</u>	<u>9,401</u>	<u>38,741</u>	<u>51,469</u>
Expenditures				
Salaries	2,088	6,082	19,971	28,141
Employee benefits	381	607	4,388	5,376
Purchased services	2,440	6,451	9,208	18,099
Supplies and materials	-	258	27	285
Total Expenditures	<u>4,909</u>	<u>13,398</u>	<u>33,594</u>	<u>51,901</u>
Net change in fund balance (deficit)	(1,582)	(3,997)	5,147	(432)
Fund Balance, Beginning of year	<u>5,635</u>	<u>1,129</u>	<u>69,083</u>	<u>75,847</u>
Fund Balance (Deficit), End of year	<u>\$ 4,053</u>	<u>\$ (2,868)</u>	<u>\$ 74,230</u>	<u>\$ 75,415</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2014**

	Business-type Activities		Total
	Enterprise Funds		
	School Improvement Plan (SIP)	Fingerprinting	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 15,805	\$ 9,742	\$ 25,547
Due from other governments	-	2,034	2,034
Total current assets	<u>15,805</u>	<u>11,776</u>	<u>27,581</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current Liabilities			
Accounts payable	<u>2,778</u>	<u>2,737</u>	<u>5,515</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Unrestricted	<u>13,027</u>	<u>9,039</u>	<u>22,066</u>
Total Net Position	<u>\$ 13,027</u>	<u>\$ 9,039</u>	<u>\$ 22,066</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Business-Type Activities		
	Enterprise Funds		
	School Improvement Plan (SIP)	Fingerprinting	Total
Operating Revenues			
Charges for services	\$ 66,345	\$ 28,147	\$ 94,492
Operating Expenses			
Salaries	29,050	6,881	35,931
Employee benefits	(42)	1,337	1,295
Purchased services	24,831	16,724	41,555
Supplies and materials	104	371	475
Total operating expenses	<u>53,943</u>	<u>25,313</u>	<u>79,256</u>
Change in net position	12,402	2,834	15,236
Net Position, Beginning of year	<u>625</u>	<u>6,205</u>	<u>6,830</u>
Net Position, End of year	<u>\$ 13,027</u>	<u>\$ 9,039</u>	<u>\$ 22,066</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2014**

	Business-type Activities Enterprise Funds		
	School Improvement Plan (SIP)	Fingerprinting	Total
	<u> </u>	<u> </u>	<u> </u>
Cash flows from Operating Activities:			
Receipts from customers	\$ 66,345	\$ 26,113	\$ 92,458
Payments to suppliers and providers of goods and services	(22,157)	(14,707)	(36,864)
Payments to employees	(29,008)	(8,218)	(37,226)
Net cash provided by (used for) operating activities	<u>15,180</u>	<u>3,188</u>	<u>18,368</u>
Net increase (decrease) in cash and cash equivalents	15,180	3,188	18,368
Cash and cash equivalents, Beginning of year	<u>625</u>	<u>6,554</u>	<u>7,179</u>
Cash and cash equivalents, End of year	<u>\$ 15,805</u>	<u>\$ 9,742</u>	<u>\$ 25,547</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 12,402	\$ 2,834	\$ 15,236
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) decrease in assets:			
Due from other governments	-	(2,034)	(2,034)
Increase (decrease) in liabilities:			
Accounts payable	<u>2,778</u>	<u>2,388</u>	<u>5,166</u>
Net cash provided by (used for) operating activities	<u>\$ 15,180</u>	<u>\$ 3,188</u>	<u>\$ 18,368</u>

**LEE AND OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 June 30, 2014**

	Impact Fees	Petitions Fund	15th Judicial Circuit Family Violence Coordinating Council	15th Judicial Circuit Family Violence Coordinating Council - Arrest Grant	Total
Assets					
Cash and cash equivalents	\$ 4,630	\$ 271	\$ 1,409	\$ -	\$ 6,310
Due from other governments	-	300	-	3,025	3,325
Total Assets	\$ 4,630	\$ 571	\$ 1,409	\$ 3,025	\$ 9,635
Liabilities					
Due to other governments	\$ 4,630	\$ 571	\$ 1,409	\$ 3,025	\$ 9,635

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Impact Fees</u>				
Assets				
Cash and cash equivalents	\$ 2,104	\$ 9,208	\$ 6,682	\$ 4,630
Liabilities				
Due to other governments	\$ 2,104	\$ 9,208	\$ 6,682	\$ 4,630
<u>Petitions Fund</u>				
Assets				
Cash and cash equivalents	\$ (501)	\$ 2,001	\$ 1,229	\$ 271
Due from other governments	501	300	501	300
Total Assets	\$ -	\$ 2,301	\$ 1,730	\$ 571
Liabilities				
Due to other governments	\$ -	\$ 571	\$ -	\$ 571
<u>15th Judicial Circuit Family Violence Coordinating Council</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 30,263	\$ 28,854	\$ 1,409
Due from other governments	10,509	-	10,509	-
Total Assets	\$ 10,509	\$ 30,263	\$ 39,363	\$ 1,409
Liabilities				
Due to other governments	\$ 10,509	\$ 1,409	\$ 10,509	\$ 1,409
<u>15th Judicial Circuit Family Violence Coordinating Council - Arrest Grant</u>				
Assets				
Cash and cash equivalents	\$ 3,022	\$ 7,540	\$ 10,562	\$ -
Due from other governments	1,200	3,025	1,200	3,025
Total Assets	\$ 4,222	\$ 10,565	\$ 11,762	\$ 3,025
Liabilities				
Due to other governments	\$ 4,222	\$ 3,025	\$ 4,222	\$ 3,025
<u>Total</u>				
Assets				
Cash and cash equivalents	\$ 4,625	\$ 49,012	\$ 47,327	\$ 6,310
Due from other governments	12,210	3,325	12,210	3,325
Total Assets	\$ 16,835	\$ 52,337	\$ 59,537	\$ 9,635
Liabilities				
Due to other governments	\$ 16,835	\$ 14,213	\$ 21,413	\$ 9,635

FEDERAL COMPLIANCE SECTION

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>ISBE Project # (1st 8 digits) or Contract #</u>	<u>Federal Expenditures 7/1/13 - 6/30/14</u>
U. S. Department of Education			
Rural Education Achievement Program	84.358A	S358A15874	\$ 18,083
Passed Through Illinois State Board of Education			
Migrant Education - State Grant Program			
<i>Title I - Migrant Education</i>	84.011A	14-4340-00	20,825
<i>Title I - Migrant Education</i>	84.011A	14-4340-01	23,919
<i>Title I - Migrant Education</i>	84.011A	13-4340-01	42,100
			<u>86,844</u>
Migrant Education - Coordination Program			
<i>Title I - Migrant Incentive Grant</i>	84.144F	14-4341-00	1,967
<i>Title I - Migrant Incentive Grant</i>	84.144F	13-4341-00	168
			<u>2,135</u>
Education for Homeless Children and Youth			
<i>McKinney Education for Homeless Children</i>	84.196A	14-4920-00	215,546
<i>McKinney Education for Homeless Children</i>	84.196A	13-4920-00	35,074
			<u>250,620</u>
Math and Science Partnerships			
<i>Math and Science Partnerships</i>	84.366B	13-4936-40	76,442
Special Education - State Personnel Development			
<i>IDEA - Improvement Grants - Part D</i>	(M) 84.323A	14-4631-RN	1,133,521
<i>IDEA - Improvement Grants - Part D</i>	(M) 84.323A	13-4631-RN	456,390
			<u>1,589,911</u>
Improving Teacher Quality State Grants			
<i>Title II - Teacher Quality - Leadership Grants</i>	84.367A	14-4935-02	3,063
<i>Title II - Teacher Quality - Leadership Grants</i>	84.367A	13-4935-02	500
			<u>3,563</u>
Passed Through Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8			
Title I Grants to Local Educational Agencies			
<i>Title I School Improvement and Accountability Part A - SSOS</i>	84.010A	14-4331-SS	11,571
			<u>11,571</u>
Total U. S. Department of Education			<u>2,039,169</u>
U. S. Department of Agriculture			
Passed through Illinois State Board of Education			
Child Nutrition Cluster			
National School Lunch Program			
<i>National School Lunch Program</i>	10.555	14-4210-00	8,998
<i>National School Lunch Program</i>	10.555	13-4210-00	402
			<u>9,400</u>
School Breakfast Program			
<i>School Breakfast Program</i>	10.553	14-4220-00	3,334
<i>School Breakfast Program</i>	10.553	13-4220-00	242
			<u>3,576</u>
Total Child Nutrition Cluster			<u>12,976</u>
Total U. S. Department of Agriculture			<u>12,976</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,052,145</u>

(M) Major Program

The accompanying notes are an integral part of this schedule.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

NOTE 1: REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Regional Office of Education #47 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Regional Office of Education #47 provided federal awards to subrecipients as follows:

Program Title: Special Education – State Personnel Development
Federal CFDA #: 84.323A
Amount provided to subrecipients: \$961,330

Program Title: Education for Homeless Children and Youth
Federal CFDA #: 84.196A
Amount provided to subrecipients: \$175,637

NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAM

Special Education – State Personnel Development – IDEA – Improvement Grant – Part D – This program provides a statewide network used to scale up the sustainable implementation of Response to Intervention, an Illinois State Board of Education program which works to improve the learning and performance of all students in grades K-12 by building the capacity of Illinois public school districts and schools to develop, use, and sustain a multi-tiered system of research-based curricula, instruction, intervention, and assessment. The services of the network focus on the delivery of high quality professional development based on adult learning principles and consisting of training, technical assistance, and coaching.

NOTE 4: NON-CASH ASSISTANCE

None

NOTE 5: AMOUNT OF INSURANCE

None

NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING

None