

State of Illinois
ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
FINANCIAL AUDIT
For the Year Ended June 30, 2014

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

ADAMS/PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 JUNE 30, 2014

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ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2014

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Ms. Deborah Niederhauser

Assistant Regional Superintendent
(Current and during the audit period)

Ms. Jill Reis

Offices are located at:

507 Vermont Street
Quincy, IL 62301

1267 East Washington
Pittsfield, IL 62363

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2014

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

The auditor's reports do not contain scope limitations, disclaimers, or other significant nonstandard 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	0
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2014-001	11a	Internal Control over Accounting Transactions	Material Weakness
2014-002	11c	Grant Compliance	Noncompliance
2014-003	11d	Unallowable Expenditure of Institute Fund Monies	Noncompliance

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2014

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 5, 2014. Attending were Debbie Niederhauser, Regional Superintendent and Tami Knight, Partner, Kemper CPA Group, LLP. Responses to the recommendations were provided by Debbie Niederhauser, Regional Superintendent, on March 3, 2015.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2014

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Adams/Pike Counties Regional Office of Education #1 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #1'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 Adams/Pike Counties Regional Office of Education #1, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Adams/Pike Counties Regional Office of Education #1'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 Adams/Pike Counties Regional Office of Education #1, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 14a through 14f and page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adams/Pike Counties Regional Office of Education #1's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2015, on our consideration of the Adams/Pike Counties Regional Office of Education #1'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 Adams/Pike Counties Regional Office of Education #1's internal control over financial reporting and compliance.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mattoon, Illinois
March 19, 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 Adams/Pike Counties Regional Office of Education #1, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Adams/Pike Counties Regional Office of Education #1's basic financial statements, and have issued our report thereon dated March 19, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Adams/Pike Counties Regional Office of Education #1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Adams/Pike Counties Regional Office of Education #1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Adams/Pike Counties Regional Office of Education #1's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2014-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams/Pike Counties Regional Office of Education #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Responses as items 2014-002 and 2014-003.

Adams/Pike Counties Regional Office of Education #1's Responses to Findings

Adams/Pike Counties Regional Office of Education #1's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Adams/Pike Counties Regional Office of Education #1'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 Adams/Pike Counties Regional Office of Education #1's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adams/Pike Counties Regional Office of Education #1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mattoon, Illinois
March 19, 2015

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	Yes

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2014-001 – Internal Control over Accounting Transactions (Repeated from Finding 13-001)

Criteria/Specific Requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over the Regional Office’s accounting processes to prevent errors and fraud in reporting.

Condition:

We noted the following internal control weaknesses over the accounting and closing processes:

- A. The Regional Office records overhead and administrative costs in the general fund and allocates those costs as needed to the appropriate special revenue or other funds. We noted several instances where administrative costs were appropriately recorded as expenditures in the fund that reimbursed the cost but were also recorded as expenditures in the general fund, resulting in double-booking of the expenditures. In addition, the reimbursements to the general fund were recorded as transfers in, without a corresponding transfer out from the reimbursing fund, resulting in interfund transfers being out of balance. Also, other reimbursed expenditures and associated reimbursements were recorded as revenues and expenditures in both the reimbursing funds that incurred the costs and the general funds that paid the expenditures, resulting in double-booking of revenues and expenditures. This was noted for copier and postage costs incurred by various funds and the sheriff’s salary incurred by the Safe Program.
- B. A refund of \$4,517 of insurance premiums was recorded as revenue rather than credited against the original expenditure.
- C. The general ledger did not support the expenditure report submitted to the grantor for the Child and Family Connections program. The expenditure report submitted showed \$2,635 more in expenditures than the general ledger.
- D. The December 2013 bank statement could not be located for one bank account.

Effect:

Lack of effective internal control procedures could result in unintentional or intentional errors or misappropriations of assets, which could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

Cause:

The Regional Office does not have sufficient internal controls over their accounting and closing processes to detect errors in their reporting.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2014-001 – Internal Control over Accounting Transactions (Repeated from Finding 13-001 (Concluded))

Auditor’s Recommendations:

- A. Administrative costs should be recorded in the fund that incurred the expenses. The associated transfer of cash to reimburse the fund that paid the costs should be recorded as an offset to the associated expenditure in the reimbursed fund.
- B. Refunds and reimbursements of prior expenditures should be credited against the relevant expenditure account rather than recorded as revenue.
- C. Expenditure reports submitted to grantors should be prepared from general ledger balances to accurately reflect actual expenditures.
- D. The Regional Office should maintain records, such as bank statements, in a way that ensures documents can be located when needed.

Management’s Response:

The Regional Office accepts this finding.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2014-002 – Grant Compliance

Criteria/Specific Requirement:

According to the Illinois Grant Funds Recovery Act (30 ILCS 705/4) and Illinois State Board of Education (ISBE) guidelines, any remaining grant funding unexpended at the end of the grant period must be returned to ISBE within 45 days.

Condition:

The FY13 Homeless Children and Youth grant had \$2,539 unexpended at the end of FY13 which was due back to ISBE but had not yet been returned.

Effect:

Failure to return unexpended grant funding when due results in noncompliance with grant agreements and can result in State grant funding being frozen until amounts due are returned.

Cause:

The Regional Office did not receive a request to return the funding from ISBE and did not understand that the funding must be returned within 45 days absent permission from ISBE to carry the funding forward to the next grant period.

Auditor's Recommendation:

The Regional Office should comply with the Grant Funds Recovery Act and return unexpended grant funding to the grantor within 45 days of the end of the grant period or obtain confirmation from the grantor that the funding can be carried forward to the next grant period.

Management's Response:

The Regional Office accepts this finding.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2014-003 – Unallowable Expenditure of Institute Fund Monies

Criteria/Specific Requirement:

According to Article 3 of the Illinois School Code (105 ILCS 5/3-12), fees paid into the Institute Fund are restricted to specific uses, including to defray costs associated with professional workshops intended to promote the professional growth of teachers and to defray costs associated with the administration of teaching certificates.

Condition:

The salary of the program director of the Administrators Academy program, which amounted to \$5,331, was paid from the Institute Fund. This is not an allowable use of Institute Fund monies since the Institute Fund is to be used for the professional development of teachers, and not administrators.

Effect:

The Regional Office of Education was not in compliance with Article 3 of the Illinois School Code (105 ILCS 5/3-12).

Cause:

The Regional Superintendent believed the expenditure was permissible as it was associated with a professional development workshop for school administrators.

Auditor's Recommendation:

The Regional Office should use Institute Fund monies only for purposes delineated in the Illinois School Code. The Regional Office should consult with the Illinois State Board of Education or legal counsel if there is uncertainty as to whether a particular expenditure is permitted from the Institute Fund under Article 3 of the Illinois School Code.

Management's Response:

The Regional Office accepts this finding.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Corrective Action Plan

Finding No. 2014-001 – Internal Control over Accounting Transactions

Condition:

We noted the following internal control weaknesses over the accounting and closing processes:

- A. The Regional Office records overhead and administrative costs in the general fund and allocates those costs as needed to the appropriate special revenue or other funds. We noted several instances where administrative costs were appropriately recorded as expenditures in the fund that reimbursed the cost but were also recorded as expenditures in the general fund, resulting in double-booking of the expenditures. In addition, the reimbursements to the general fund were recorded as transfers in, without a corresponding transfer out from the reimbursing fund, resulting in interfund transfers being out of balance. Also, other reimbursed expenditures and associated reimbursements were recorded as revenues and expenditures in both the reimbursing funds that incurred the costs and the general funds that paid the expenditures, resulting in double-booking of revenues and expenditures. This was noted for copier and postage costs incurred by various funds and the sheriff's salary incurred by the Safe Program.
- B. A refund of \$4,517 of insurance premiums was recorded as revenue rather than credited against the original expenditure.
- C. The general ledger did not support the expenditure report submitted to the grantor for the Child and Family Connections program. The expenditure report submitted showed \$2,635 more in expenditures than the general ledger.
- D. The December 2013 bank statement could not be located for one bank account.

Plan:

- A. The Regional Office will establish procedures to ensure interfund transfers will be recorded as transfers in or out of the respective funds rather than as revenues in one fund and expenditures in the other. If an actual transfer of cash is not involved, revenues and expenditures will be recorded in the fund that received the funding and incurred the cost, respectively.
- B. The Regional Office will establish procedures to ensure refunds received are credited against the original expense so as to not overstate revenues.
- C. The Regional Office will establish procedures to ensure grant reports that disclose financial information will be prepared using current and accurate financial data based on reports obtained from the Regional Office's accounting system. The final grant performance report will be amended to reflect accurate expenditures by line item and in total and be resubmitted to the granting agency.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Finding No. 2014-001 – Internal Control over Accounting Transactions (Concluded)

D. The Regional Office will establish procedures to ensure accounting-related records are filed in an organized manner to assist staff in relocating records in the future.

Anticipated Date of Completion:

June 30, 2015

Contact Person Responsible for Corrective Action:

Honorable Debbie Niederhauser, Regional Superintendent of Schools

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Finding No. 2014-002 – Grant Compliance

Condition:

The FY13 Homeless Children and Youth grant had \$2,539 unexpended at the end of FY13 which was due back to ISBE but had not yet been returned.

Plan:

The Regional Office will establish procedures to ensure all unexpended grant funding is returned to the granting agency timely.

Anticipated Date of Completion:

June 30, 2015

Contact Person Responsible for Corrective Action:

Honorable Debbie Niederhauser, Regional Superintendent of Schools

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Finding No. 2014-003 – Unallowable Expenditure of Institute Fund Monies

Condition:

The salary of the program director of the Administrators Academy program, which amounted to \$5,331, was paid from the Institute Fund. This is not an allowable use of Institute Fund monies since the Institute Fund is to be used for the professional development of teachers, and not administrators.

Plan:

The Regional Office will ensure that funds generated from certification, renewal, and duplicate fees are expended in accordance with the Illinois School Code 105 ILCS 5/3-12.

Anticipated Date of Completion:

June 30, 2015

Contact Person Responsible for Corrective Action:

Honorable Debbie Niederhauser, Regional Superintendent of Schools

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2013-001	Internal Control over Accounting Transactions	Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

The Adams/Pike Counties Regional Office of Education #1 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2014 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$84,400 from \$749,032 in FY13 to \$833,432 in FY14. Revenues from local sources, State sources, and on-behalf payments increased. General Fund expenditures increased by \$60,339 from \$744,676 in FY13 to \$805,015 in FY14. Other objects, capital outlay, and on-behalf payments all increased while salaries and benefits, purchased services, and supplies and materials decreased.
- Within the Governmental Funds, the Special Revenue Funds revenue increased by \$56,441 from \$830,576 in FY13 to \$887,017 in FY14. The Special Revenue Funds expenditures decreased by \$37,290 from \$869,901 in FY13 to \$832,611 in FY14. Expenditures for supplies and materials increased while salaries and benefits, purchased services, other objects, and capital outlay all decreased in FY14.

Using This Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office as a whole and present an overall view of the Regional Office's finances.
- Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information about the non-major funds.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Reporting the Regional Office as a Whole

The Statement of Net Position and the Statement of Activities

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

The two Government-wide statements report the Regional Office's net position and how they have changed. Net position – the difference between the assets and liabilities – are one way to measure the Regional Office's financial health or position.

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and non-funded mandates need to be considered.

The Government-wide financial statements present all of the Regional Office's activities as governmental and business-type activities. Local, State and federal monies finance most of these activities.

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office established other funds to control and manage money for particular purposes.

The Regional Office has two kinds of funds:

1. Governmental funds account for all of the Regional Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Regional Office's Governmental Funds include: the General Fund and the Special Revenue Funds.

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Reporting the Regional Office as a Whole (Concluded)

2. Proprietary funds are used to report the same functions presented as business-type activities in the Government-wide financial statements, only in more detail.

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one indicator of the financial position of the Regional Office. The net position at the end of FY14 totaled \$627,620. At the end of FY13, the net position was \$570,895. The analysis that follows provides a summary of the Office's net position at June 30, 2014 and 2013.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 661,696	\$ 561,650	\$ 51,244	\$ 50,318	\$ 712,940	\$ 611,968
Capital assets, net	23,474	19,796	-	-	23,474	19,796
Total assets	685,170	581,446	51,244	50,318	736,414	631,764
Current liabilities	108,794	60,869	-	-	108,794	60,869
Total liabilities	108,794	60,869	-	-	108,794	60,869
Net position:						
Investment in capital assets	23,474	19,796	-	-	23,474	19,796
Restricted for educational purposes	115,231	43,319	-	-	115,231	43,319
Unrestricted, restated	437,671	457,462	51,244	50,318	488,915	507,780
Total net position	\$ 576,376	\$ 520,577	\$ 51,244	\$ 50,318	\$ 627,620	\$ 570,895

The Regional Office's net position increased \$56,725 from FY13 to FY14. Governmental activities net position increased by \$55,799. This increase is from additional grant revenues and local funding. Business-type activities net position increased by \$926. In addition, net position related to the Institute Fund is considered restricted for teacher professional development.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Government-Wide Financial Analysis (Concluded)

The following analysis shows the changes in net position for the years ended June 30, 2014 and 2013.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 829,264	\$ 726,470	\$ -	\$ -	\$ 829,264	\$ 726,470
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Local sources	309,364	275,589	-	-	309,364	275,589
State sources	224,205	302,285	-	-	224,205	302,285
On-behalf payments	323,778	309,102	-	-	323,778	309,102
Charges for services	-	-	12,578	11,925	12,578	11,925
Transfers	(228)	-	228	-	-	-
Interest	3,364	1,899	235	298	3,599	2,197
Total revenues	<u>1,689,747</u>	<u>1,615,345</u>	<u>13,041</u>	<u>12,223</u>	<u>1,702,788</u>	<u>1,627,568</u>
Expenses:						
Programs expenses:						
Salaries and benefits	626,391	648,113	3,577	1,940	629,968	650,053
Purchased services	168,208	193,277	7,725	8,166	175,933	201,443
Supplies and materials	19,684	18,636	813	750	20,497	19,386
Other objects	33,663	41,995	-	-	33,663	41,995
Payments to other governments	446,931	395,869	-	-	446,931	395,869
Depreciation	15,293	14,159	-	-	15,293	14,159
Administrative expenses:						
On-behalf payments - State	323,778	309,102	-	-	323,778	309,102
Total expenses	<u>1,633,948</u>	<u>1,621,151</u>	<u>12,115</u>	<u>10,856</u>	<u>1,646,063</u>	<u>1,632,007</u>
Changes in net position	55,799	(5,806)	926	1,367	56,725	(4,439)
Net position - beginning	<u>520,577</u>	<u>526,383</u>	<u>50,318</u>	<u>48,951</u>	<u>570,895</u>	<u>575,334</u>
Net position, ending	<u>\$ 576,376</u>	<u>\$ 520,577</u>	<u>\$ 51,244</u>	<u>\$ 50,318</u>	<u>\$ 627,620</u>	<u>\$ 570,895</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Financial Analysis of the Regional Office of Education #1 Funds

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Regional Office's Governmental Funds reported combined fund balances of \$552,902 in FY14 and \$466,943 in FY13. The increase is a result of increased revenue and the Regional Office's efforts to keep costs down while still providing necessary services to the public.

Governmental Fund Highlights

Revenues for governmental activities were \$1,689,747 and expenditures were \$1,633,948. The Regional Office experienced an increase in revenues and expenditures during FY14.

Special Projects revenues and expenditures increased in FY14.

In the General State Aid Fund, revenues and expenditures for on-behalf payments increased.

Education Fund revenues increased by \$54,046 from FY13. Total Education Fund expenditures decreased by \$19,006 during FY14. Salaries and benefits, purchased services (including travel and entertainment), and capital outlay decreased, while supplies and materials and payments to other governments increased.

Proprietary Fund Highlights

Revenues for proprietary activities were \$12,578 and expenses were \$12,115. Revenues and expenses from workshops increased during FY14 due to an increase in workshops being offered and more attendees.

Budgetary Highlights

The Regional Office annually adopts budgets for certain grants, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Regional Office amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and State sources or for additional services needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the Regional Office's actual financial activity is included in the supplementary information section of this report on pages 54 through 62.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Capital Assets

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment and office furniture. The Regional Office maintains an inventory of capital assets that has accumulated over time. The Regional Office's fixed assets increased by \$18,971 in FY14. In addition, the Regional Office has adopted a depreciation schedule that reflects the level of capital assets, net of accumulated depreciation. More detailed information about capital assets is available in Note 3 to the financial statements.

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation level used in the calculation of General State Aid remains at \$6,119 per student; however, the entitled funds will be prorated per the Legislature in FY15.
- FY15 funding for Child and Family Connections will be similar funding to FY14.
- FY15 funding for Truants Alternative/Optional Education will be similar funding to FY14 funding.
- FY15 funding for Regional Safe Schools will be 99% of FY14 funding.
- The Regional Office anticipates the continued delay in grant funding payments from the State and other agencies. This delay will continue to cause a significant financial hardship.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Adams/Pike Counties Regional Office of Education #1, 507 Vermont Street, Quincy, IL 62301.

BASIC FINANCIAL STATEMENTS

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 535,902	\$ 50,294	\$ 586,196
Accounts receivable	76	-	76
Due from other governments:			
Local	23,932	950	24,882
State	72,278	-	72,278
Federal	29,508	-	29,508
Total current assets	<u>661,696</u>	<u>51,244</u>	<u>712,940</u>
Noncurrent assets:			
Capital assets, being depreciated, net	<u>23,474</u>	<u>-</u>	<u>23,474</u>
TOTAL ASSETS	<u>685,170</u>	<u>51,244</u>	<u>736,414</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,508	-	2,508
Due to other governments:			
Local	106,095	-	106,095
State	119	-	119
Federal	72	-	72
Total current liabilities	<u>108,794</u>	<u>-</u>	<u>108,794</u>
NET POSITION			
Investment in capital assets	23,474	-	23,474
Restricted for educational purposes	115,231	-	115,231
Unrestricted	437,671	51,244	488,915
TOTAL NET POSITION	<u>\$ 576,376</u>	<u>\$ 51,244</u>	<u>\$ 627,620</u>

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 626,391	\$ -	\$ 520,005	\$ (106,386)	\$ -	\$ (106,386)
Purchased services	168,208	-	117,792	(50,416)	-	(50,416)
Supplies and materials	19,684	-	13,947	(5,737)	-	(5,737)
Other objects	33,663	-	21,337	(12,326)	-	(12,326)
Depreciation expense	15,293	-	-	(15,293)	-	(15,293)
Capital outlay	-	-	18,971	18,971	-	18,971
Payments to other governments	446,931	-	137,212	(309,719)	-	(309,719)
Administrative:						
On-behalf payments - State	323,778	-	-	(323,778)	-	(323,778)
Total Governmental Activities	<u>1,633,948</u>	<u>-</u>	<u>829,264</u>	<u>(804,684)</u>	<u>-</u>	<u>(804,684)</u>
Business-Type Activities:						
Charges for services	12,115	12,578	-	-	463	463
Total Business-Type Activities	<u>12,115</u>	<u>12,578</u>	<u>-</u>	<u>-</u>	<u>463</u>	<u>463</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,646,063</u>	<u>\$ 12,578</u>	<u>\$ 829,264</u>	<u>(804,684)</u>	<u>463</u>	<u>(804,221)</u>
GENERAL REVENUES:						
Local sources				309,364	-	309,364
State sources				224,205	-	224,205
On-behalf payments - State				323,778	-	323,778
Transfers in (out)				(228)	228	-
Investment earnings				3,364	235	3,599
Total General Revenues and Transfers				<u>860,483</u>	<u>463</u>	<u>860,946</u>
CHANGE IN NET POSITION				55,799	926	56,725
NET POSITION - BEGINNING				<u>520,577</u>	<u>50,318</u>	<u>570,895</u>
NET POSITION - ENDING				<u>\$ 576,376</u>	<u>\$ 51,244</u>	<u>\$ 627,620</u>

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 323,681	\$ 111,617	\$ 100,604	\$ -	\$ 535,902
Accounts receivable	76	-	-	-	76
Due from other funds	104,833	-	-	(104,833)	-
Due from other governments:					
Local	13,767	9,749	416	-	23,932
State	-	72,278	-	-	72,278
Federal	-	29,508	-	-	29,508
Total assets	<u>\$ 442,357</u>	<u>\$ 223,152</u>	<u>\$ 101,020</u>	<u>\$ (104,833)</u>	<u>\$ 661,696</u>
LIABILITIES					
Accounts payable	\$ 2,348	\$ -	\$ 160	\$ -	\$ 2,508
Due to other funds	4,517	100,316	-	(104,833)	-
Due to other governments:					
Local	-	106,095	-	-	106,095
State	-	119	-	-	119
Federal	-	72	-	-	72
Total liabilities	<u>6,865</u>	<u>206,602</u>	<u>160</u>	<u>(104,833)</u>	<u>108,794</u>
FUND BALANCE					
Restricted	-	14,371	100,860	-	115,231
Assigned	29,000	-	-	-	29,000
Unassigned	406,492	2,179	-	-	408,671
Total fund balance	<u>435,492</u>	<u>16,550</u>	<u>100,860</u>	<u>-</u>	<u>552,902</u>
TOTAL LIABILITIES AND FUND BALANCE					
	<u>\$ 442,357</u>	<u>\$ 223,152</u>	<u>\$ 101,020</u>	<u>\$ (104,833)</u>	<u>\$ 661,696</u>

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2014

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 552,902

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

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds. 23,474

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 576,376

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
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	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 172,095	\$ 89,416	\$ 47,853	\$ -	\$ 309,364
State sources	337,559	490,394	852	-	828,805
On-behalf payments - State	323,778	-	-	-	323,778
Federal sources	-	258,502	-	-	258,502
Total revenues	<u>833,432</u>	<u>838,312</u>	<u>48,705</u>	<u>-</u>	<u>1,720,449</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	106,386	520,005	-	-	626,391
Purchased services	41,842	117,792	8,574	-	168,208
Supplies and materials	1,766	13,947	3,971	-	19,684
Other objects	5,873	21,337	6,453	-	33,663
Payments to other governments	309,719	137,212	-	-	446,931
On-behalf payments - State	323,778	-	-	-	323,778
Capital outlay	15,651	875	2,445	-	18,971
Total expenditures	<u>805,015</u>	<u>811,168</u>	<u>21,443</u>	<u>-</u>	<u>1,637,626</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>28,417</u>	<u>27,144</u>	<u>27,262</u>	<u>-</u>	<u>82,823</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	20,361	58,484	-	(78,845)	-
Transfers out	(73,286)	(456)	(5,331)	78,845	(228)
Interest income	2,538	465	361	-	3,364
Total other financing sources (uses)	<u>(50,387)</u>	<u>58,493</u>	<u>(4,970)</u>	<u>-</u>	<u>3,136</u>
NET CHANGE IN FUND BALANCE	(21,970)	85,637	22,292	-	85,959
FUND BALANCE (DEFICIT) - BEGINNING	<u>457,462</u>	<u>(69,087)</u>	<u>78,568</u>	<u>-</u>	<u>466,943</u>
FUND BALANCE - ENDING	<u>\$ 435,492</u>	<u>\$ 16,550</u>	<u>\$ 100,860</u>	<u>\$ -</u>	<u>\$ 552,902</u>

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
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 — GOVERNMENTAL FUNDS \$ 85,959

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 18,971	
Depreciation expense	(15,293)	3,678

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

Prior year unavailable revenue	(33,838)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 55,799

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	Business-Type Activities Enterprise Fund	
	Local Workshops	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 50,294	\$ 50,294
Due from other governments:		
Local	950	950
TOTAL ASSETS	51,244	51,244
NET POSITION		
Unrestricted	51,244	51,244
TOTAL NET POSITION	\$ 51,244	\$ 51,244

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Total
OPERATING REVENUES		
Charges for services	\$ 12,578	\$ 12,578
OPERATING EXPENSES		
Salaries and benefits	3,577	3,577
Purchased services	7,725	7,725
Supplies and materials	813	813
Total operating expenses	12,115	12,115
OPERATING INCOME (LOSS)	463	463
NONOPERATING REVENUE		
Transfers in	228	228
Interest income	235	235
Total nonoperating revenue	463	463
CHANGE IN NET POSITION	926	926
TOTAL NET POSITION - BEGINNING	50,318	50,318
TOTAL NET POSITION - ENDING	\$ 51,244	\$ 51,244

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Total
Cash Flows from Operating Activities:		
Receipts from customers	\$ 14,328	\$ 14,328
Payments to suppliers and providers of goods and services	(8,538)	(8,538)
Payments to employees	(3,577)	(3,577)
Net cash provided by operating activities	2,213	2,213
Cash Flows from Noncapital Financing Activities:		
Cash transfers from other funds	228	228
Cash Flows from Investing Activities:		
Interest income	235	235
Net increase in cash and cash equivalents	2,676	2,676
Cash and cash equivalents - Beginning	47,618	47,618
Cash and cash equivalents - Ending	\$ 50,294	\$ 50,294
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 463	\$ 463
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Decrease in assets:		
Due from other governments	1,750	1,750
Net cash provided by operating activities	\$ 2,213	\$ 2,213

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Adams/Pike Counties Regional Office of Education #1 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2014, the Regional Office of Education #1 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 #1 implemented these standards during the current year; however, 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 Statement Nos. 54 and 62 regarding risk financing activities, operating leases, purchased loans, and servicing fees. The implementation of GASB Statement No. 67 improved financial reporting by state and local governmental pension plans.

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements 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.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through March 19, 2015, the date on which 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.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
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 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 #1'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.

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 #1 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 #1. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #1's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #1 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 #1 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.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

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 #1 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #1 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #1 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 #1'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 #1 has one business-type activity that relies on fees and charges for support.

The Regional Office of Education #1'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 #1 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 #1's assets and liabilities, 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 and proprietary funds. Major individual governmental 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.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
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 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.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which 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 nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating 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 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.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 the Regional Office of Education #1; therefore, revenues are recognized based upon the expenditures recorded. 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, Adams/Pike Counties Regional Office of Education #1 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #1's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #1 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 #1 uses governmental and proprietary funds.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

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 liabilities is reported as fund balance.

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), liabilities (including deferred inflows), 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), liabilities (including deferred inflows), 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 #1 has presented all major funds that met the above qualifications.

The Regional Office of Education #1 reports the following major governmental funds:

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

General Operations – This fund accounts for monies received for expenditures in connection with general administrative activities.

Fingerprinting – This fund accounts for local monies received from school districts to share the cost of criminal background checks for substitute teachers.

General State Aid – This fund maintains revenues received from the State Board of Education earned on a per child basis and administers related program expenditures.

Miscellaneous Fund – This fund represents accumulated unused grant funds from programs that no longer exist.

Copier Fund – This fund accounts for all expenditures related to copiers.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Postage Fund – This fund accounts for all expenditures related to postage.

School Directory – This fund accounts for school directory expenditures that are made available to all the districts in the Region.

School Crisis Assistance Team – This program accounts for monies received to assist districts in the Region when a crisis strikes.

Pike County Film Coop – This fund was financed in prior years by contributions from the six member schools within Pike County based on an amount equal to \$1.25 per enrolled student.

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 Fund – 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:

Administrators Academy – The ROE received a State grant to provide workshops for area teachers.

Regional Office of Prevention Effectiveness Services (ROPES) – This is a State grant to provide substance abuse prevention for youth ages 10-17 in Calhoun, Greene, Cass, and Morgan Counties.

Truants Alternative and Optional Education – This program provides truancy prevention programs and services for monitoring truants.

ROE/ISC Operations – This fund accounts for monies for general and administrative expenditures.

State Free Lunch and Breakfast – This program is funded by State monies to provide free breakfast and lunch to eligible needy students enrolled in the Regional Safe Schools Program.

National School Lunch Program – This program is funded by federal grants to provide reimbursement of meals through the school lunch program and free or reduced-price meals for students enrolled in the Regional Safe Schools Program.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

National School Breakfast Program – This program provides breakfasts that meet federal requirements to all children in attendance at the Regional Safe Schools Program.

McKinney Education for Homeless Children – This program is to provide for a local homeless liaison to help homeless students in the Region.

Regional Safe Schools – This program provides activities for disruptive students who are eligible for suspension or expulsion.

Child and Family Connections – This program for preschool children with disabilities is funded by the Department of Human Services.

Workforce Investment Act – This program accounts for grant monies received for expenditures associated with vocational training services and coordination of activities to the economically disadvantaged.

Schools Against Fearful Environment (SAFE) – This program provides drug-free programs from the Sheriff's Department to local school districts.

System of Support – This program provides professional development activities to schools that are on Illinois's Academic Watch List. To be on the list, students have not made adequate yearly progress for at least two years.

Title II – Teacher Quality – Leadership – This program accounts for the proceeds of a grant from the Illinois State Board of Education to improve teacher effectiveness in the classroom.

Early Childhood Education Initiative – This program is intended to have a learning impact on preschool age children to increase their ability to succeed in school.

Title I – School Improvement and Accountability – Provides ISBE-developed and -approved content to local school districts. Services are provided through professional development workshops, targeted networking sessions, and technical assistance.

Reading: A Healthy Start – By partnering with medical providers, this program seeks to develop critical early reading skills in children and to encourage families to read together.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

Nonmajor Special Revenue Funds

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools to administer the GED test. Testing fees provide testing materials and staff salaries.

Tracy Foundation General Education Development – This fund is used to administer scholarships for qualified candidates taking the GED test.

Testing Center – This fund is used to account for the activity of the new testing center located at the Regional Office of Education #1.

Bus Driver Training – Experienced bus drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid prescribed by the Illinois State Board of Education and administered by the Regional Office.

Institute – This fund accounts for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or to defray the expense of any general or special meeting of teachers or school personnel. 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 #1 reports the following enterprise fund:

Local Workshops – This program accounts for monies received for the general operations of workshops and the administrator's academy.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance - The portion of a governmental fund's net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The Regional Office of Education #1 has no nonspendable fund balances.

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: General Education Development, Testing Center, Bus Driver Training, and Institute Funds. The following Education Fund accounts are restricted by grantor or donor restrictions: Truants Alternative and Optional Education, Early Childhood Education Initiative, and System of Support. The following Nonmajor Special Revenue Fund account is restricted by grantor or donor restrictions: Tracy Foundation General Education Development

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 #1 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. The following General Fund accounts have assigned fund balances: Fingerprinting, School Directory, and Pike County Film Coop.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances of the following General Fund accounts are unassigned: General Operations, General State Aid, Miscellaneous, Copier, and Postage. The following Education Fund account has an unassigned fund balance: Schools Against Fearful Environment (SAFE).

J. NET POSITION

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

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET POSITION (Concluded)

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.

K. CASH AND CASH EQUIVALENTS

The Regional Office of Education #1 considers cash on hand, checking accounts, savings accounts, money market accounts, and investments with an original maturity date of less than three months to be cash and cash equivalents. As of June 30, 2014, cash and cash equivalents consisted of cash on deposit and invested in the Illinois Funds Money Market Fund.

L. 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.

M. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost in the government-wide financial statements. Contributed assets are reported 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 the following estimated useful lives:

Office equipment and furniture	5-10 years
Computer equipment	3 years
Software and licenses	2 years

In the governmental fund financial statements, capital assets are reported as capital outlay expenditures when acquired.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

N. 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. The Regional Office had no deferred inflows or outflows of resources in the current year.

O. COMPENSATED ABSENCES

Full-time employees can earn from 10 to 20 vacation days for a full year of service. At the end of the fiscal year, up to ten days of accumulated vacation time can be carried forward. Employee vacation pay is recorded when paid. Upon termination, employees do not receive accrued vacation pay, and therefore no liability is recorded.

A full-time employee is entitled to two personal leave days per year. These days must be used in the employee year and may not accumulate from year to year.

Employees receive up to 12 sick days annually. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore no liability is accrued.

P. BUDGET INFORMATION

The Regional Office of Education #1 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Office of Prevention Effectiveness Services (ROPES), Truants Alternative and Optional Education, ROE/ISC Operations, McKinney Education for Homeless Children, Regional Safe Schools, Child and Family Connections, Workforce Investment Act, Title II – Teacher Quality – Leadership, and Title I – School Improvement and Accountability.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS

The Regional Office of Education #1 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7. It is the policy of the Regional Office to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Regional Office and conforming to all State statutes governing the investment of public funds. This policy includes all funds under the care and control of the Regional Superintendent of Schools.

A. DEPOSITS

At June 30, 2014, the carrying amount of the Regional Office of Education #1's government-wide deposits were \$586,196 and the bank balances were \$837,375. Of the total bank balances as of June 30, 2014, \$250,000 was insured by Federal Depository Insurance Corporation, \$582,535 was collateralized by securities pledged by the Regional Office of Education #1's financial institution in the name of the Regional Office, and \$4,840 was invested in the Illinois Funds Money Market Fund.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #1'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.

B. INVESTMENTS

The Regional Office of Education #1 has a formal investment policy that permits it to invest only in certain instruments, including, among others, securities guaranteed by the full faith and credit of the United States of America as to principal and interest; bonds, notes, and similar obligations of the United States of America; interest-bearing deposits or other direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1 et seq.; short-term obligations of U.S. corporations with assets exceeding \$500,000,000 if they are rated at the time of purchase at one of the three highest classifications by at least two standard rating services, if they do not exceed 10% of the corporation's outstanding obligations, and if no more than one-third of the Regional Office's funds are invested in commercial paper; and certain money market mutual funds registered under the Federal Investment Company Act of 1940, 14 U.S.C. ¶ 80a-1 et seq. As of June 30, 2014, the Regional Office of Education #1 had deposits totaling \$4,840 in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS (Concluded)

CREDIT RISK

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

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.

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.

NOTE 3 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #1 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2014:

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 – CAPITAL ASSETS (Concluded)

	Balance			Balance
	July 1, 2013	Additions	Deletions	June 30, 2014
Governmental Activities				
Capital assets being depreciated:				
Office furniture	\$ 23,272	\$ -	\$ -	\$ 23,272
Office equipment	281,971	18,971	-	300,942
Total capital assets being depreciated	<u>305,243</u>	<u>18,971</u>	<u>-</u>	<u>324,214</u>
Less accumulated depreciation:				
Office furniture	(23,272)	-	-	(23,272)
Office equipment	(262,175)	(15,293)	-	(277,468)
Total accumulated depreciation	<u>(285,447)</u>	<u>(15,293)</u>	<u>-</u>	<u>(300,740)</u>
Governmental Activities -				
Investment in Capital Assets	<u>\$ 19,796</u>	<u>\$ 3,678</u>	<u>\$ -</u>	<u>\$ 23,474</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$15,293 was charged to the governmental activities 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.

NOTE 4 – DEFINED-BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #1’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 #1’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 #1’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 12.26 percent. The employer 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 \$58,927.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Concluded)

Three-Year Trend Information for the Regular Plan

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$58,927	100%	\$0
12/31/12	57,431	100%	0
12/31/11	61,843	100%	0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% 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 #1’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 #1’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 95.89 percent funded. The actuarial accrued liability for benefits was \$1,265,486 and the actuarial value of assets was \$1,213,517, resulting in an underfunded actuarial accrued liability (UAAL) of \$51,969. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$480,642 and the ratio of the UAAL to the covered payroll was 11 percent.

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

NOTE 5 – RISK MANAGEMENT

The Regional Office of Education #1 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 #1 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.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – OPERATING LEASES

The Regional Office of Education #1 leased office space at 510 Maine Street, Quincy, Illinois, for \$800 per month. The lease term began on July 1, 2013, and ended on June 30, 2014. The Regional Office leases office equipment for \$134 per month, \$10 per month, and \$17 per month with the leases ending on July 31, 2014, July 15, 2014, and September 7, 2014, respectively. Three copiers are leased for \$116 per month, \$64 per month, and \$126 per month with leases ending on May 13, 2014, December 14, 2014 and May 13, 2014, respectively. The Regional Office also leases a postage meter for \$66 per month; the lease agreement runs through July 31, 2018.

Total office lease expense was \$9,600 and equipment lease expense was \$4,501 for the year ended June 30, 2014. Future minimum rentals are as follows for the years ending June 30:

2015	\$	1,321
2016		792
2017		792
2018		792
2019		<u>66</u>
Total	\$	<u>3,763</u>

NOTE 7 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

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. These balances were eliminated in the government-wide Statement of Net Position.

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 104,833	\$ 4,517
Education Fund	-	<u>100,316</u>
	<u>\$ 104,833</u>	<u>\$ 104,833</u>

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2014, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and proprietary fund Statement of Revenues, Expenses, and changes in Fund Net Position. The transfer balances, except for those between governmental activities and business-type activities, were eliminated in the government-wide Statement of Activities.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – INTERFUND ACTIVITY (Concluded)

TRANSFERS (Concluded)

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 20,361	\$ 73,286
Education Fund	58,484	456
Nonmajor Special Revenue Funds	-	5,331
Proprietary Fund	228	-
	<u>\$ 79,073</u>	<u>\$ 79,073</u>

NOTE 8 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #1’s General Fund, Education Fund, Non-major Special Revenue Fund, and Proprietary Fund have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

General Fund

Local Governments \$ 13,767

Education Fund

Local Governments 27,662

Illinois State Board of Education 13,056

Illinois Department of Human Services 70,817

Nonmajor Special Revenue Funds

Local Governments 416

Proprietary Fund

Local Governments 950

Total Due from Other Governments \$ 126,668

Due to Other Governments:

Education Fund

Local Governments \$ 106,095

Illinois State Board of Education 191

Total Due to Other Governments \$ 106,286

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #1:

Regional Superintendent Salary	\$ 104,784
Assistant Regional Superintendent Salary	94,320
Regional Superintendent Benefits (includes State-paid insurance)	22,289
Assistant Regional Superintendent Benefits (includes State-paid insurance)	31,882
TRS Pension Contributions	<u>70,503</u>
Total	<u>\$ 323,778</u>

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

These amounts have been recorded in the accompanying financial statements as State revenues and expenditures.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

The Regional Office of Education #1 allows employees who retire through the Regional Office of Education #1 the option to continue in the Regional Office of Education #1's health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education #1's health insurance plan is considered a community-rated plan. In addition, the ROE #1 has no explicit subsidy as defined in GASB Statement No. 45.

NOTE 11 – 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 state board resolutions prior to June 30, 2013. Effective July 1, 2015 the Brown/Cass/Morgan/Scott Regional Office of Education #46 will be included with the Regional Office of Education #1.

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

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
JUNE 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	\$ 1,213,517	\$ 1,265,486	\$ 51,969	95.89%	\$ 480,642	10.81%
12/31/12	1,063,223	1,160,845	97,622	91.59%	479,792	20.35%
12/31/11	967,091	1,107,033	139,942	87.36%	520,561	26.88%

On a market value basis, the actuarial value of assets as of December 31, 2013, is \$1,409,205.

On a market basis, the funded ratio would be 111.36%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Adams Pike ROE #1. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

OTHER SUPPLEMENTARY INFORMATION

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2014

	General Operations	Fingerprinting	General State Aid	Miscellaneous Fund	Copier Fund
ASSETS					
Cash and cash equivalents	\$ 8,946	\$ 13,027	\$ 185,039	\$ 76,640	\$ 16,889
Accounts receivable	-	-	-	76	-
Due from other funds	-	-	100,316	4,517	-
Due from other governments					
Local	12,111	1,656	-	-	-
TOTAL ASSETS	\$ 21,057	\$ 14,683	\$ 285,355	\$ 81,233	\$ 16,889
LIABILITIES					
Accounts payable	\$ 516	\$ 1,707	\$ -	\$ 125	\$ -
Due to other funds	4,517	-	-	-	-
Total liabilities	5,033	1,707	-	125	-
FUND BALANCE					
Assigned	-	12,976	-	-	-
Unassigned	16,024	-	285,355	81,108	16,889
Total fund balance	16,024	12,976	285,355	81,108	16,889
TOTAL LIABILITIES AND FUND BALANCE	\$ 21,057	\$ 14,683	\$ 285,355	\$ 81,233	\$ 16,889

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2014

	Postage Fund	School Directory	School Crisis Assistance Team	Pike County Film Coop	Totals
ASSETS					
Cash and cash equivalents	\$ 7,116	\$ 13,400	\$ -	\$ 2,624	\$ 323,681
Accounts receivable	-	-	-	-	76
Due from other funds	-	-	-	-	104,833
Due from other governments					
Local	-	-	-	-	13,767
TOTAL ASSETS	\$ 7,116	\$ 13,400	\$ -	\$ 2,624	\$ 442,357
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,348
Due to other funds	-	-	-	-	4,517
Total liabilities	-	-	-	-	6,865
FUND BALANCE					
Assigned	-	13,400	-	2,624	29,000
Unassigned	7,116	-	-	-	406,492
Total fund balance	7,116	13,400	-	2,624	435,492
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,116	\$ 13,400	\$ -	\$ 2,624	\$ 442,357

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	General Operations	Fingerprinting	General State Aid	Miscellaneous Fund	Copier Fund
REVENUES					
Local sources	\$ 108,513	\$ 29,186	\$ -	\$ 22,352	\$ 2,629
State sources	-	-	337,559	-	-
On-behalf payments - State	-	-	323,778	-	-
Total Revenues	<u>108,513</u>	<u>29,186</u>	<u>661,337</u>	<u>22,352</u>	<u>2,629</u>
EXPENDITURES					
Salaries and benefits	92,726	-	-	13,660	-
Purchased services	1,345	18,545	767	17,251	-
Supplies and materials	-	111	-	252	1,071
Other objects	-	-	-	562	-
Capital outlay	-	14,491	-	-	-
Payments to governments	-	-	309,719	-	-
On-behalf expenditures - State	-	-	323,778	-	-
Total Expenditures	<u>94,071</u>	<u>33,147</u>	<u>634,264</u>	<u>31,725</u>	<u>1,071</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>14,442</u>	<u>(3,961)</u>	<u>27,073</u>	<u>(9,373)</u>	<u>1,558</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	20,361	-
Transfers out	(3,971)	-	(68,326)	-	-
Interest income	24	78	1,942	299	75
Total Other Financing Sources (Uses)	<u>(3,947)</u>	<u>78</u>	<u>(66,384)</u>	<u>20,660</u>	<u>75</u>
NET CHANGE IN FUND BALANCE	10,495	(3,883)	(39,311)	11,287	1,633
FUND BALANCE - BEGINNING	<u>5,529</u>	<u>16,859</u>	<u>324,666</u>	<u>69,821</u>	<u>15,256</u>
FUND BALANCE - ENDING	<u>\$ 16,024</u>	<u>\$ 12,976</u>	<u>\$ 285,355</u>	<u>\$ 81,108</u>	<u>\$ 16,889</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	Postage Fund	School Directory	School Crisis Assistance Team	Pike County Film Coop	Totals
REVENUES					
Local sources	\$ 2,800	\$ 6,615	\$ -	\$ -	\$ 172,095
State sources	-	-	-	-	337,559
On-behalf payments - State	-	-	-	-	323,778
Total Revenues	2,800	6,615	-	-	833,432
EXPENDITURES					
Salaries and benefits	-	-	-	-	106,386
Purchased services	2,007	1,927	-	-	41,842
Supplies and materials	-	-	-	332	1,766
Other objects	-	5,311	-	-	5,873
Capital outlay	-	1,160	-	-	15,651
Payments to governments	-	-	-	-	309,719
On-behalf expenditures - State	-	-	-	-	323,778
Total Expenditures	2,007	8,398	-	332	805,015
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	793	(1,783)	-	(332)	28,417
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	20,361
Transfers out	-	-	(989)	-	(73,286)
Interest income	28	65	3	24	2,538
Total Other Financing Sources (Uses)	28	65	(986)	24	(50,387)
NET CHANGE IN FUND BALANCE	821	(1,718)	(986)	(308)	(21,970)
FUND BALANCE - BEGINNING	6,295	15,118	986	2,932	457,462
FUND BALANCE - ENDING	\$ 7,116	\$ 13,400	\$ -	\$ 2,624	\$ 435,492

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2014

	Administrators Academy	Regional Office of Prevention Effectiveness Services (ROPES)	Truants Alternative and Optional Education	ROE/ISC Operations	State Free Lunch and Breakfast	National School Lunch Program
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 1,761	\$ 20	\$ -	\$ -
Due from other governments:						
Local	-	-	-	-	-	-
State	-	-	8,800	-	136	-
Federal	-	7,475	-	-	-	2,309
TOTAL ASSETS	\$ -	\$ 7,475	\$ 10,561	\$ 20	\$ 136	\$ 2,309
LIABILITIES						
Due to other funds	\$ -	\$ 7,403	\$ 8,800	\$ -	\$ -	\$ -
Due to other governments:						
Local	-	-	-	-	136	2,309
State	-	-	-	20	-	-
Federal	-	72	-	-	-	-
Total Liabilities	-	7,475	8,800	20	136	2,309
FUND BALANCE						
Restricted	-	-	1,761	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balance	-	-	1,761	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 7,475	\$ 10,561	\$ 20	\$ 136	\$ 2,309

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2014

	National School Breakfast Program	McKinney Education for Homeless Children	Regional Safe Schools	Child and Family Connections	Workforce Investment Act	Schools Against Fearful Environment (SAFE)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 99	\$ -	\$ -	\$ 102,179
Due from other governments:						
Local	-	2,580	-	-	-	-
State	-	-	-	63,342	-	-
Federal	1,111	-	-	-	7,815	-
TOTAL ASSETS	\$ 1,111	\$ 2,580	\$ 99	\$ 63,342	\$ 7,815	\$ 102,179
LIABILITIES						
Due to other funds	\$ -	\$ 41	\$ -	\$ 63,342	\$ 7,815	\$ -
Due to other governments:						
Local	1,111	2,539	-	-	-	100,000
State	-	-	99	-	-	-
Federal	-	-	-	-	-	-
Total Liabilities	1,111	2,580	99	63,342	7,815	100,000
FUND BALANCE						
Restricted	-	-	-	-	-	-
Unassigned	-	-	-	-	-	2,179
Total Fund Balance	-	-	-	-	-	2,179
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,111	\$ 2,580	\$ 99	\$ 63,342	\$ 7,815	\$ 102,179

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2014

	System of Support	Title II - Teacher Quality - Leadership	Early Childhood Education Initiative	Title I - School Improvement and Accountability	Reading: A Healthy Start	Totals
ASSETS						
Cash and cash equivalents	\$ 7,558	\$ -	\$ -	\$ -	\$ -	\$ 111,617
Due from other governments:						
Local	-	-	7,169	-	-	9,749
State	-	-	-	-	-	72,278
Federal	-	700	-	10,098	-	29,508
TOTAL ASSETS	\$ 7,558	\$ 700	\$ 7,169	\$ 10,098	\$ -	\$ 223,152
LIABILITIES						
Due to other funds	\$ -	\$ 700	\$ 2,117	\$ 10,098	\$ -	\$ 100,316
Due to other governments:						
Local	-	-	-	-	-	106,095
State	-	-	-	-	-	119
Federal	-	-	-	-	-	72
Total Liabilities	-	700	2,117	10,098	-	206,602
FUND BALANCE						
Restricted	7,558	-	5,052	-	-	14,371
Unassigned	-	-	-	-	-	2,179
Total Fund Balance	7,558	-	5,052	-	-	16,550
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,558	\$ 700	\$ 7,169	\$ 10,098	\$ -	\$ 223,152

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	Administrators Academy	Regional Office of Prevention Effectiveness Services (ROPES)	Truants Alternative and Optional Education	ROE/ISC Operations	State Free Lunch and Breakfast	National School Lunch Program
REVENUES						
Local sources	\$ 9,667	\$ -	\$ 11,600	\$ -	\$ -	\$ -
State sources	-	-	54,374	27,147	662	-
Federal sources	-	62,559	-	-	-	23,576
Total Revenues	<u>9,667</u>	<u>62,559</u>	<u>65,974</u>	<u>27,147</u>	<u>662</u>	<u>23,576</u>
EXPENDITURES						
Salaries and benefits	14,772	53,818	58,517	15,117	-	-
Purchased services	-	7,886	6,950	11,256	-	-
Supplies and materials	-	855	232	774	-	-
Other objects	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Payments to other governments	-	-	-	-	751	23,576
Total Expenditures	<u>14,772</u>	<u>62,559</u>	<u>65,699</u>	<u>27,147</u>	<u>751</u>	<u>23,576</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,105)</u>	<u>-</u>	<u>275</u>	<u>-</u>	<u>(89)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	5,331	4,629	1,477	-	-	-
Transfers out	(228)	-	-	-	-	-
Interest income	2	-	9	-	-	-
Total Other Financing Sources (Uses)	<u>5,105</u>	<u>4,629</u>	<u>1,486</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	4,629	1,761	-	(89)	-
FUND BALANCE (DEFICIT) - BEGINNING	-	(4,629)	-	-	89	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	National School Breakfast Program	McKinney Education for Homeless Children	Regional Safe Schools	Child and Family Connections	Workforce Investment Act	Schools Against Fearful Environment (SAFE)
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,655
State sources	-	-	58,421	349,790	-	-
Federal sources	9,955	8,942	-	106,372	23,124	-
Total Revenues	<u>9,955</u>	<u>8,942</u>	<u>58,421</u>	<u>456,162</u>	<u>23,124</u>	<u>40,655</u>
EXPENDITURES						
Salaries and benefits	-	7,717	5,000	320,164	22,058	-
Purchased services	-	1,125	-	73,774	49	-
Supplies and materials	-	100	-	7,191	-	-
Other objects	-	-	-	20,320	1,017	-
Capital outlay	-	-	-	875	-	-
Payments to other governments	10,396	-	53,421	-	-	49,068
Total Expenditures	<u>10,396</u>	<u>8,942</u>	<u>58,421</u>	<u>422,324</u>	<u>23,124</u>	<u>49,068</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(441)</u>	<u>-</u>	<u>-</u>	<u>33,838</u>	<u>-</u>	<u>(8,413)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	36,655	-	10,164
Transfers out	-	-	-	-	-	-
Interest income	-	-	-	-	-	428
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,655</u>	<u>-</u>	<u>10,592</u>
NET CHANGE IN FUND BALANCE	(441)	-	-	70,493	-	2,179
FUND BALANCE (DEFICIT) - BEGINNING	<u>441</u>	<u>-</u>	<u>-</u>	<u>(70,493)</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,179</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	System of Support	Title II - Teacher Quality - Leadership	Early Childhood Education Initiative	Title I - School Improvement and Accountability	Reading: A Healthy Start	Totals
REVENUES						
Local sources	\$ -	\$ -	\$ 24,994	\$ -	\$ 2,500	\$ 89,416
State sources	-	-	-	-	-	490,394
Federal sources	4,700	1,557	-	17,717	-	258,502
Total Revenues	<u>4,700</u>	<u>1,557</u>	<u>24,994</u>	<u>17,717</u>	<u>2,500</u>	<u>838,312</u>
EXPENDITURES						
Salaries and benefits	360	157	14,198	8,127	-	520,005
Purchased services	2,075	1,400	959	9,818	2,500	117,792
Supplies and materials	-	-	4,795	-	-	13,947
Other objects	-	-	-	-	-	21,337
Capital outlay	-	-	-	-	-	875
Payments to other governments	-	-	-	-	-	137,212
Total Expenditures	<u>2,435</u>	<u>1,557</u>	<u>19,952</u>	<u>17,945</u>	<u>2,500</u>	<u>811,168</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,265</u>	<u>-</u>	<u>5,042</u>	<u>(228)</u>	<u>-</u>	<u>27,144</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	228	-	58,484
Transfers out	(228)	-	-	-	-	(456)
Interest income	16	-	10	-	-	465
Total Other Financing Sources (Uses)	<u>(212)</u>	<u>-</u>	<u>10</u>	<u>228</u>	<u>-</u>	<u>58,493</u>
NET CHANGE IN FUND BALANCE	2,053	-	5,052	-	-	85,637
FUND BALANCE (DEFICIT) - BEGINNING	<u>5,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,087)</u>
FUND BALANCE - ENDING	<u>\$ 7,558</u>	<u>\$ -</u>	<u>\$ 5,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,550</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL OFFICE OF PREVENTION EFFECTIVENESS SERVICES (ROPES)
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUE			
Federal sources	\$ 70,000	\$ 70,000	\$ 62,559
Total Revenue	<u>70,000</u>	<u>70,000</u>	<u>62,559</u>
EXPENDITURES			
Salaries and benefits	54,650	54,650	53,818
Purchased services	13,150	13,150	7,886
Supplies and materials	2,200	2,200	855
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>62,559</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	4,629
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>4,629</u>
NET CHANGE IN FUND BALANCE			
	-	-	4,629
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>(4,629)</u>
FUND BALANCE - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Local sources	\$ -	\$ -	\$ 11,600
State sources	54,374	54,374	54,374
Total Revenue	<u>54,374</u>	<u>54,374</u>	<u>65,974</u>
EXPENDITURES			
Salaries and benefits	46,590	46,590	58,517
Purchased services	7,284	7,284	6,950
Supplies and materials	500	500	232
Total Expenditures	<u>54,374</u>	<u>54,374</u>	<u>65,699</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>275</u>
OTHER FINANCING SOURCES:			
Transfers in	-	-	1,477
Interest	-	-	9
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>1,486</u>
NET CHANGE IN FUND BALANCE			
	-	-	1,761
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,761</u>

Note: The budget amount for Truants Alternative and Optional Education reflects only the amounts pertaining to the Truants Alternative and Optional Education Grant. The actual amounts reflect grant funds as well as other local funds which are not subject to grant budget requirements.

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 27,147	\$ 27,147	\$ 27,147
Total Revenue	<u>27,147</u>	<u>27,147</u>	<u>27,147</u>
EXPENDITURES			
Salaries and benefits	17,100	17,100	15,117
Purchased services	9,347	9,347	11,256
Supplies and materials	700	700	774
Total Expenditures	<u>27,147</u>	<u>27,147</u>	<u>27,147</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
McKINNEY EDUCATION FOR HOMELESS CHILDREN
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 9,670	\$ 9,670	\$ 8,942
Total Revenue	<u>9,670</u>	<u>9,670</u>	<u>8,942</u>
EXPENDITURES			
Salaries and benefits	8,445	8,445	7,717
Purchased services	1,125	1,125	1,125
Supplies and materials	100	100	100
Total Expenditures	<u>9,670</u>	<u>9,670</u>	<u>8,942</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State sources	\$ 58,421	\$ 58,421	\$ 58,421
Total Revenue	<u>58,421</u>	<u>58,421</u>	<u>58,421</u>
EXPENDITURES			
Salaries and benefits	5,000	5,000	5,000
Payments to other governments	53,421	53,421	53,421
Total Expenditures	<u>58,421</u>	<u>58,421</u>	<u>58,421</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
CHILD AND FAMILY CONNECTIONS
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 436,000	\$ 432,770	\$ 349,790
Federal sources	-	-	106,372
Total Revenue	<u>436,000</u>	<u>432,770</u>	<u>456,162</u>
EXPENDITURES			
Salaries and benefits	314,000	312,895	320,164
Purchased services	87,600	87,600	73,774
Supplies and materials	6,600	6,600	7,191
Other objects	25,800	24,800	20,320
Capital outlay	2,000	875	875
Total Expenditures	<u>436,000</u>	<u>432,770</u>	<u>422,324</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>33,838</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	36,655
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>36,655</u>
NET CHANGE IN FUND BALANCE			
	-	-	70,493
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>(70,493)</u>
FUND BALANCE - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
WORKFORCE INVESTMENT ACT
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 25,000	\$ 25,000	\$ 23,124
Total Revenue	<u>25,000</u>	<u>25,000</u>	<u>23,124</u>
EXPENDITURES			
Salaries and benefits	23,900	23,900	22,058
Purchased services	-	-	49
Other objects	1,100	1,100	1,017
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>23,124</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II - TEACHER QUALITY - LEADERSHIP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 3,133	\$ 3,133	\$ 1,557
Total Revenue	<u>3,133</u>	<u>3,133</u>	<u>1,557</u>
EXPENDITURES			
Salaries and benefits	157	157	157
Purchased services	2,976	2,976	1,400
Total Expenditures	<u>3,133</u>	<u>3,133</u>	<u>1,557</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 48,750	\$ 17,810	\$ 17,717
Total Revenue	<u>48,750</u>	<u>17,810</u>	<u>17,717</u>
EXPENDITURES			
Salaries and benefits	-	-	8,127
Purchased services	48,750	16,810	9,818
Supplies and materials	-	1,000	-
Total Expenditures	<u>48,750</u>	<u>17,810</u>	<u>17,945</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(228)</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	228
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>228</u>
NET CHANGE IN FUND BALANCE			
	-	-	-
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	General Education Development	Tracy Foundation General Education Development	Testing Center	Bus Driver Training	Institute	Totals
ASSETS						
Cash and cash equivalents	\$ 14,843	\$ 9,921	\$ 1,909	\$ 19,904	\$ 54,027	\$ 100,604
Due from other governments - Local	-	-	416	-	-	416
TOTAL ASSETS	\$ 14,843	\$ 9,921	\$ 2,325	\$ 19,904	\$ 54,027	\$ 101,020
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 160	\$ -	\$ 160
Total Liabilities	-	-	-	160	-	160
FUND BALANCE						
Restricted	14,843	9,921	2,325	19,744	54,027	100,860
Total Fund Balance	14,843	9,921	2,325	19,744	54,027	100,860
TOTAL LIABILITIES AND FUND BALANCE	\$ 14,843	\$ 9,921	\$ 2,325	\$ 19,904	\$ 54,027	\$ 101,020

ADAMS/PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Education Development	Tracy Foundation General Education Development	Testing Center	Bus Driver Training	Institute	Totals
REVENUES						
Local sources	\$ 14,152	\$ 10,000	\$ 2,323	\$ 2,119	\$ 19,259	\$ 47,853
State sources	-	-	-	852	-	852
Total Revenues	<u>14,152</u>	<u>10,000</u>	<u>2,323</u>	<u>2,971</u>	<u>19,259</u>	<u>48,705</u>
EXPENDITURES						
Purchased services	7,329	-	-	843	402	8,574
Supplies and materials	3,478	-	-	383	110	3,971
Capital outlay	2,445	-	-	-	-	2,445
Other objects	1,056	100	-	497	4,800	6,453
Total Expenditures	<u>14,308</u>	<u>100</u>	<u>-</u>	<u>1,723</u>	<u>5,312</u>	<u>21,443</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(156)</u>	<u>9,900</u>	<u>2,323</u>	<u>1,248</u>	<u>13,947</u>	<u>27,262</u>
OTHER FINANCING SOURCES						
Transfers out	-	-	-	-	(5,331)	(5,331)
Interest income	66	21	2	82	190	361
Total Other Financing Sources	<u>66</u>	<u>21</u>	<u>2</u>	<u>82</u>	<u>(5,141)</u>	<u>(4,970)</u>
NET CHANGE IN FUND BALANCE	<u>(90)</u>	<u>9,921</u>	<u>2,325</u>	<u>1,330</u>	<u>8,806</u>	<u>22,292</u>
FUND BALANCE - BEGINNING	<u>14,933</u>	<u>-</u>	<u>-</u>	<u>18,414</u>	<u>45,221</u>	<u>78,568</u>
FUND BALANCE - ENDING	<u>\$ 14,843</u>	<u>\$ 9,921</u>	<u>\$ 2,325</u>	<u>\$ 19,744</u>	<u>\$ 54,027</u>	<u>\$ 100,860</u>