

**STATE OF ILLINOIS
EDWARDS, HARDIN, GALLATIN, POPE, SALINE,
WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**FINANCIAL AUDIT
For the Year Ended June 30, 2013**

**Performed as Special Assistant Auditors
For the Office of the Auditor General**

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
TABLE OF CONTENTS
JUNE 30, 2013

	<u>PAGE</u>
OFFICIALS	1
FINANCIAL REPORT SUMMARY	2-3
FINANCIAL STATEMENT REPORT SUMMARY	4
 FINANCIAL SECTION	
Independent Auditors' Report	5-7
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 <i>Government Auditing Standards</i>	8-9
 Schedule of Findings and Responses	
Section I - Summary of Auditor's Results	10
Section II - Financial Statement Findings	11a-11d
Corrective Action Plan for Current Year Audit Findings.....	12a-12c
Summary Schedule of Prior Audit Findings.....	13
 Management's Discussion and Analysis.....	 14a-14h
 BASIC FINANCIAL STATEMENTS	
 Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
 Fund Financial Statements	
Balance Sheet - Governmental Funds	17

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
TABLE OF CONTENTS
JUNE 30, 2013

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	20
Statement of Net Position - Proprietary Funds.....	21
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	22
Statement of Cash Flows - Proprietary Funds.....	23
Notes to Financial Statements	24-49

REQUIRED SUPPLEMENTAL INFORMATION

Illinois Municipal Retirement Fund Schedule of Funding Progress (unaudited) Post Employment Benefits Other than Pensions Schedule of Funding Progress (unaudited)	50 51
---	--------------

OTHER SUPPLEMENTAL INFORMATION

Combining Schedule of Accounts General Fund	52-53
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - General Fund Accounts	54-55
Budgetary Comparison Schedule General Fund Account Truants Alternative/Optional Education	56
Regional Safe Schools.....	57
Combining Schedule of Accounts Education Fund	58-60
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Education Fund Accounts.....	61-63
Budgetary Comparison Schedules Education Fund Accounts ROE/ISC General Operations	64

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
TABLE OF CONTENTS
JUNE 30, 2013

Federal Special Education – Pre-School Discretionary	65
Title II Teacher Quality Leadership	66
Combining Balance Sheet	
Nonmajor Special Revenue Funds	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	68

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
OFFICIALS

Regional Superintendent
(Current and during the Audit Period)

Mr. Lawrence Fillingim

Assistant Regional Superintendent
(During Audit Period, Acting Effective July 1, 2012
through November 15, 2012)

Mr. James Taylor

Assistant Regional Superintendent
(During Audit Period, Acting Effective November 16, 2012
through April 15, 2013)

Mr. Keith Talley

Assistant Regional Superintendent
(Current and during Audit Period, Acting Effective
April 16, 2013)

Mr. Vince Mitchell

Offices are located at:

512 N. Main Street
Harrisburg, IL 62946

930 Market Street
Mount Carmel, IL 62863

Wayne County Courthouse
Fairfield, IL 62837

307 E. Cherry Street
Carmi, IL 62821

500 E. Main Street
Albion, IL 62806

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
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.

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	3
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	0	1

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2013-001	11a	Inadequate Internal Controls Over Financial Processes	Material Weakness
2013-002	11b	Controls Over Financial Statement Preparation	Material Weakness
2013-003	11d	Controls Over Grant Disbursements	Significant Deficiency/ Compliance

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
FINANCIAL REPORT SUMMARY

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on March 25, 2014. Attending were Lawrence Fillingim, Regional Superintendent, and Michelle D. Smith, Partner, Kemper CPA Group, LLP. Responses to the recommendations were provided by Lawrence Fillingim, Regional Superintendent on April 4, 2014.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Funding Progress, and Post Employment Benefits Other than Pensions Schedule of Funding Progress on pages 14a-14h, 50 and 51 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's basic financial statements. The combining and individual nonmajor fund financial statements, and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, on our consideration of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over financial reporting and compliance.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
June 24, 2014

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's basic financial statements, and have issued our report thereon dated June 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control. Accordingly, we do not express an opinion on the effectiveness of Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control.

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

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2013-003.

Regional Office of Education #20's Responses to Findings

Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
June 24, 2014

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 SCHEDULE OF FINDINGS AND RESPONSES
 FOR THE YEAR ENDED JUNE 30, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	<i>unmodified</i>
Internal control over financial reporting:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
● Material weakness(es) identified?	N/A
● Significant deficiency(ies) identified?	N/A
Type of auditor’s report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	N/A
Identification of major programs:	
CFDA Numbers	Name of Federal Program or Cluster
N/A	
Dollar threshold used to distinguish between Type A and Type B programs:	N/A
Auditee qualified as a low-risk auditee?	N/A

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2013-001– Inadequate Internal Control over Financial Processes (Partial Repeat of Finding 12-1 and 11-1)

Criteria/specific requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over the payroll process to prevent errors or fraud.

Condition:

We noted the following weaknesses in the Regional Office’s internal controls:

- There was no salary contract approved by the Regional Superintendent for 3 out of 16 (19%) individuals tested.
- The salary as stated on the contract did not match the amount the employee was paid for 1 out of 16 (6%) individuals tested.

Effect:

The Regional Office does not have adequate controls in place over the payroll process. Unauthorized payroll and changes in payroll rates could result in employees receiving incorrect payment for their services.

Cause:

According to Regional Office of Education #20 officials, the Regional Office does not have proper internal control procedures over the payroll processes.

Recommendation:

The Regional Office of Education #20 should establish and implement controls over the payroll process to ensure every employee has a contract in their personnel file that is signed by the Regional Superintendent.

Management’s Response:

As of July 1, 2013, a salary and benefits statement for each employee has been approved, signed and dated by the Regional Superintendent. This will reflect salaries and benefits for each employee. Any changes to the employee’s salary or compensation throughout the year will be reflected on a similar document.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2013-002– Controls Over Financial Statement Preparation (Repeat of Finding 12-2 and 11-2)

Criteria/Specific Requirement:

The Regional Office of Education #20 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education #20's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

Condition:

The Regional Office of Education #20 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #20 maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. During review of the Regional Office's financial information prepared by the Regional Office of Education #20, the following were noted:

- Numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.
- Receipts are not recorded as received, or periodically throughout the year; instead they are recorded subsequent to year end in a lump sum.
- The fixed asset listing incorrectly calculated beginning accumulated depreciation, current year depreciation expense, ending accumulated depreciation, and omitted asset acquisitions.
- There is not sufficient documentary evidence maintained to adequately support adjusting journal entries.
- Bank reconciliations were not prepared on a monthly basis. They were prepared after year end in preparation for the annual audit.
- School Facility Tax revenue was netted with expenses.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2013-002– Controls Over Financial Statement Preparation (Repeat of Finding 12-2 and 11-2) (Concluded)

Effect:

The Regional Office of Education #20's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

The Regional Office's bookkeeping staff does not reconcile bank accounts, enter receipts, receivables, payables, and fixed asset schedules until they prepare for the annual audit at year end which does not allow time for analysis and review before submission to auditors. Further, the bookkeeping staff does not keep support for journal entries.

Recommendation:

As part of internal control over the preparation of financial statements, the Regional Office of Education #20 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #20's activities and operations. The procedures should include timely completion of monthly bank reconciliations, timely recording of revenue, proper accounting for revenue and expenses, and proper recording of all accounts receivable and payable. The Regional Office should also review the fixed asset listing to ensure beginning accumulated depreciation as well as current year depreciation has been correctly calculated. Finally, the Regional Office should maintain documentation for all journal entries that are made throughout the year.

Management's Response:

As of July 1, 2013, the Regional Office of Education is reconciling bank accounts, recording receipts, receivables, payables and fixed asset schedules on a timely basis, instead of recording them in preparation for the annual yearend audit. A binder containing all journal entries with backup is being kept. The School Facility Tax revenue is no longer being netted with expenses.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 2013-003– Controls over Grant Disbursements (Repeat of Finding 12-3)

Criteria/specific requirement:

As a recipient of federal, State, and local funds from various granting agencies, the Regional Office must incorporate certain procedures into their operations in order to comply with the grant agreements with these entities. In addition, the Regional Office should comply with Circular A-87 when making purchases with federal funds.

Condition:

During our testing, we noted federal grant funding received for the McKinney-Vento Education For Homeless Children and Youth was used by the Regional Office of Education to purchase department store gift cards in the amount of \$4,277. The gift cards were purchased right before the end of the grant period and were specifically purchased so the Regional Office could spend the funding during the current grant period and not return the funds to the grantor. In addition, without proper documentation obtained for gift card purchases, unallowable costs could be incurred. The bookkeeper stated that the funds could not be spent prior to the end of the grant period therefore, the Regional Office purchased gift cards.

Effect:

The Regional Office did not spend federal grant funds within the grant period of availability. Additionally, using gift cards for expenditures could result in unallowable costs being incurred.

Cause:

The Regional Office of Education does not have a system of internal controls in place to ensure that purchases are made with federal grant funds within the period of availability.

Recommendation:

The Regional Superintendent should ensure that all federal grant funds are spent prior to the end of the grant period or the funds should be returned.

Management's Response:

As of July 1, 2013, gift cards are no longer being purchased by the Regional Office of Education with McKinney-Vento Education for Homeless Children and Youth funds.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Corrective Action Plan

Finding No. 2013-001– Inadequate Internal Control over Financial Processes (Partial Repeat of Finding 12-1 and 11-1)

Condition:

We noted the following weaknesses in the Regional Office’s internal controls:

- There was no salary contract approved by the Regional Superintendent for 3 out of 16 (19%) individuals tested.
- The salary as stated on the contract did not match the amount the employee was paid for 1 out of 16 (6%) individuals tested.

Plan:

A salary and benefits statement for each employee has been approved, signed and dated by the Regional Superintendent. This will reflect salaries and benefits for each employee. Any changes to the employee’s salary or compensation throughout the year will be reflected on a similar document.

Anticipated Date of Completion:

July 1, 2013

Name of Contact Person:

Honorable Lawrence Fillingim, Regional Superintendent of Schools

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Corrective Action Plan (Continued)

Finding No. 2013-002– Controls Over Financial Statement Preparation (Repeat of Finding 12-2 and 11-2)

Condition:

The Regional Office of Education #20 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #20 maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. During review of the Regional Office's financial information prepared by the Regional Office of Education #20, the following were noted:

- Numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.
- Receipts are not recorded as received, or periodically throughout the year; instead they are recorded subsequent to year end in a lump sum.
- The fixed asset listing incorrectly calculated beginning accumulated depreciation, current year depreciation expense, ending accumulated depreciation, and omitted asset acquisitions.
- There is not sufficient documentary evidence maintained to adequately support adjusting journal entries.
- Bank reconciliations were not prepared on a monthly basis. They were prepared after year end in preparation for the annual audit.
- School Facility Tax revenue was netted with expenses.

Plan:

- The Regional Office of Education is reconciling bank accounts, recording receipts, receivables, payable and fixed assets schedules on a timely basis, instead of recording them in preparation for the annual yearend audit.
- A binder containing all journal entries with backup is being kept.
- The School Facility Tax revenue is no longer netted with expenses.

Anticipated Date of Completion:

July 1, 2013

Name of Contact Person:

Honorable Lawrence Fillingim, Regional Superintendent of Schools

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Corrective Action Plan (Concluded)

Finding No. 2013-003– Controls over Grant Disbursements

Condition:

During our testing, we noted federal grant funding received for the McKinney-Vento Education For Homeless Children and Youth was used by the Regional Office of Education to purchase department store gift cards in the amount of \$4,277. The gift cards were purchased right before the end of the grant period and were specifically purchased so the Regional Office could spend the funding during the current grant period and not return the funds to the grantor. In addition, without proper documentation obtained for gift card purchases, unallowable costs could be incurred. The bookkeeper stated that the funds could not be spent prior to the end of the grant period therefore, the Regional Office purchased gift cards.

Plan:

Gift cards are no longer being purchased by the Regional Office of Education with McKinney-Vento Education for Homeless Children and Youth funds.

Anticipated Date of Completion:

July 1, 2013

Name of Contact Person:

Honorable Lawrence Fillingim, Regional Superintendent of Schools

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
12-1	Inadequate Internal Control over Financial Processes	Partially repeated as Finding 2013-001
12-2	Controls over Financial Statement Preparation	Repeated as Finding 2013-002
12-3	Controls Over Disbursements	Repeated as Finding 2013-003

MANAGEMENT'S DISCUSSION AND ANALYSIS

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 (ROE #20) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2013 and 2012. We encourage readers to consider this information in conjunction with ROE #20's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- General Fund revenues were \$1,086,937 in fiscal year 2012 and increased to \$2,508,922 in fiscal year 2013, while General Fund expenditures were \$1,150,853 in fiscal year 2012 and increased to \$2,588,178 in fiscal year 2013.
- The increase in General Fund revenues and expenditures was attributable to an increase in State funding relating to funds received for the school facility tax.
- Special revenue fund revenues were \$1,343,741 in fiscal year 2012 and decreased to \$1,270,391 in fiscal year 2013, while special revenue fund expenditures were \$1,355,053 in fiscal year 2012 and decreased to \$1,264,775 in fiscal year 2013.
- The decrease in Special revenue fund revenues from fiscal year 2012 to fiscal year 2013 occurred because of the decrease of State sources in the Education Fund. The decrease in Special revenue fund expenditures from fiscal year 2012 to fiscal year 2013 was due primarily to a decrease in Education Fund salaries and benefits, supplies and materials, and payments to other governments.
- Proprietary fund revenues were \$32,801 in fiscal year 2012 and increased to \$45,937 in fiscal year 2013, while Proprietary fund expenditures were \$23,034 in fiscal year 2012 and increased to \$47,208 in fiscal year 2013.
- The increase in Proprietary fund revenues from fiscal year 2012 to fiscal year 2013 occurred because of the increase in Local revenue sources (workshops). The increase in Proprietary fund expenditures from fiscal year 2012 to fiscal year 2013 was due primarily to an increase in purchased services and supplies and materials due to increased workshops.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of ROE #20'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 ROE #20 as a whole and present an overall view of ROE #20's finances.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

USING THIS ANNUAL REPORT (Concluded)

- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report ROE #20's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary information further explains and supports the financial statements, and supplementary information provides detailed information about the non-major funds.

REPORTING THE REGIONAL OFFICE OF EDUCATION #20 AS A WHOLE

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about ROE #20 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all ROE #20's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report ROE #20's net position and how it has changed. Net position – the difference between ROE #20's assets and liabilities – are one way to measure ROE #20's financial health or position.

- Over time, increases or decreases in ROE #20's net position are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess ROE #20's overall health, additional non-financial factors, need to be considered.

In the government-wide financial statements, ROE #20's activities consist of governmental activities and business-type activities.

- *Governmental activities:* Most of ROE #20's basic services are included here, such as regular and special education instruction, student and instructional staff support services and administration. State and Federal grants, local school districts, and State aid finance most of these activities.
- *Business-type activities:* ROE #20 charges fees to help cover the costs of certain services and workshops it provides and records this activity in the Proprietary fund.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Governmental Fund Financial Statements

The governmental fund financial statements provide detailed information about ROE #20's funds, focusing on its most significant or "major" funds – not ROE #20 as a whole. Funds are accounting devices ROE #20 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law or by bond covenants. ROE #20 establishes other funds to control and manage money for particular purposes.

Governmental funds account for most of ROE #20's basic services. These focus on how cash and other financial assets that can readily be 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 financial resources that can be spent in the near future to finance ROE #20's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation between the government-wide statements and the governmental fund statements follow each of the related governmental fund statements. ROE #20'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.

Proprietary Fund Financial Statements

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside ROE #20 on a cost reimbursement basis are reported. ROE #20 reports the Local Workshop fund as a major proprietary fund and Lab School Reservations fund as a nonmajor fund. The Local Workshop fund accounts for the receipts and expenses pertaining to teacher meetings and workshops of a professional nature. The Lab School Reservations fund accounts for the fees received and related disbursements incurred for startup of the lab schools each school year.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties ROE #20's net position at June 30, 2013 and 2012 totaled \$41,585 and \$120,510 respectively. The analysis that follows provides a summary of ROE #20's net position at June 30, 2013 and 2012 for its governmental and business-type activities.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 322,823	\$ 293,121	\$ 38,648	\$ 37,732	\$ 361,471	\$ 330,853
Capital Assets	34,000	35,988	-	-	34,000	35,988
Total Assets	<u>356,823</u>	<u>329,109</u>	<u>38,648</u>	<u>37,732</u>	<u>395,471</u>	<u>366,841</u>
Current Liabilities	319,317	207,754	3,365	300	322,682	208,054
Noncurrent Liabilities	31,204	38,277	-	-	31,204	38,277
Total Liabilities	<u>350,521</u>	<u>246,031</u>	<u>3,365</u>	<u>300</u>	<u>353,886</u>	<u>246,331</u>
Net Position						
Net investment in capital assets	34,000	35,988	-	-	34,000	35,988
Restricted for educational purposes	88,745	85,943	-	-	88,745	85,943
Unrestricted	<u>(116,443)</u>	<u>(38,853)</u>	<u>35,283</u>	<u>37,432</u>	<u>(81,160)</u>	<u>(1,421)</u>
Total Net Position	<u>\$ 6,302</u>	<u>\$ 83,078</u>	<u>\$ 35,283</u>	<u>\$ 37,432</u>	<u>\$ 41,585</u>	<u>\$ 120,510</u>

The ROE's combined net position decreased by \$78,925 in FY13 and decreased by \$65,670 in FY12. The decrease occurred primarily as a result of expenditures exceeding funding in FY13 as well as FY12.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change 2013-2012
	2013	2012	2013	2012	2013	2012	
Revenues:							
Program revenues:							
Operating Grants/							
Contributions	\$ 1,376,569	\$ 1,470,575	\$ -	\$ -	\$ 1,376,569	\$ 1,470,575	-6.39%
Charges for Services	-	-	45,937	32,801	45,937	32,801	40.05%
General Revenues:							
Local Sources	301,548	343,333	-	-	301,548	343,333	-12.17%
State Sources	1,740,361	281,360	-	-	1,740,361	281,360	518.55%
On-Behalf payments							
- State	351,711	320,009	-	-	351,711	320,009	9.91%
Interest	25	28	-	129	25	157	-84.08%
Transfers	878	(5,317)	(878)	5,317	-	-	0.00%
Total Revenues	<u>3,771,092</u>	<u>2,409,988</u>	<u>45,059</u>	<u>38,247</u>	<u>3,816,151</u>	<u>2,448,235</u>	<u>55.87%</u>
Expenses:							
Instructional services:							
Salaries and benefits	1,464,517	1,544,566	-	-	1,464,517	1,544,566	-5.18%
Purchased services	442,902	507,594	-	-	442,902	507,594	-12.74%
Supplies and materials	88,137	91,035	-	-	88,137	91,035	-3.18%
Payments to other							
governments	1,482,995	8,849	-	-	1,482,995	8,849	16658.90%
Capital outlay	2,254	2,361	-	-	2,254	2,361	-4.53%
Other objects	3,054	2,726	-	-	3,054	2,726	12.03%
Depreciation	8,578	11,161	-	-	8,578	11,161	-23.14%
Interest expense	3,720	2,570	-	-	3,720	2,570	44.75%
Administrative expenses:							
On-behalf payments	351,711	320,009	-	-	351,711	320,009	9.91%
Business-type expenses:							
Instructional	-	-	47,208	23,034	47,208	23,034	104.95%
Total Expenses	<u>3,847,868</u>	<u>2,490,871</u>	<u>47,208</u>	<u>23,034</u>	<u>3,895,076</u>	<u>2,513,905</u>	<u>54.94%</u>
Increase (Decrease)							
in Net Position	(76,776)	(80,883)	(2,149)	15,213	(78,925)	(65,670)	
Net Position – Beginning	<u>83,078</u>	<u>163,961</u>	<u>37,432</u>	<u>22,219</u>	<u>120,510</u>	<u>186,180</u>	<u>-35.27%</u>
Net Position – Ending	<u>\$ 6,302</u>	<u>\$ 83,078</u>	<u>\$ 35,283</u>	<u>\$ 37,432</u>	<u>\$ 41,585</u>	<u>\$ 120,510</u>	<u>-65.49%</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2013

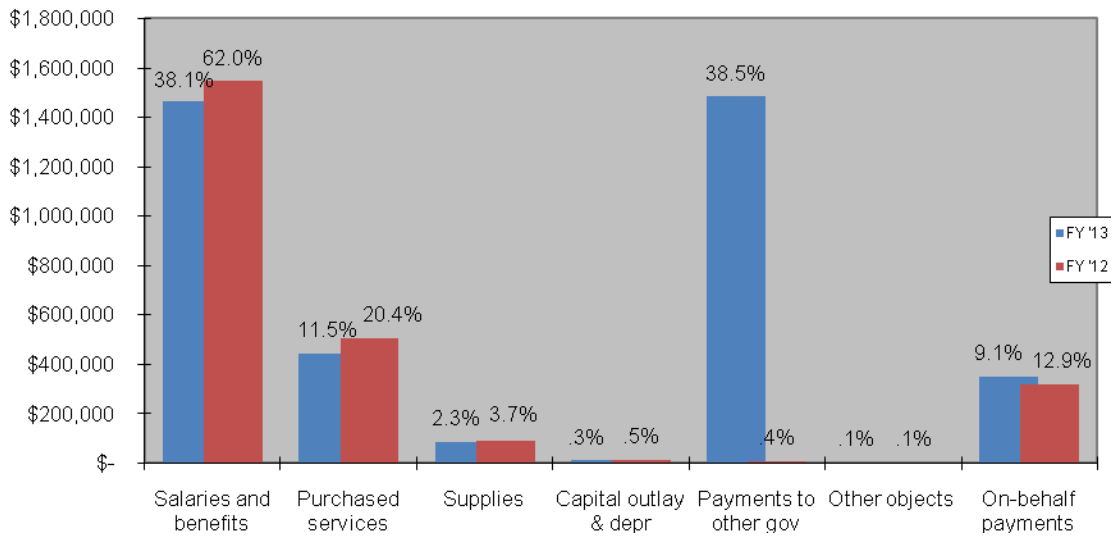
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concluded)

The following analysis compares total revenues for the years ended June 30:

	2013	2012
Total program revenues	\$ 1,422,506	\$ 1,503,376
Total general revenues	<u>2,393,645</u>	<u>944,859</u>
 Total revenues	 <u><u>\$ 3,816,151</u></u>	 <u><u>\$ 2,448,235</u></u>

Operating grants and contributions from local, State, and federal sources account for a majority of the total revenue. The ROE's expenses primarily relate to instructional services, which account for 91% of the total governmental activities expenses.

Governmental Activities Expenses



EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Governmental Activities

The analysis of changes in net position reflects a decrease of \$76,776 in FY13 and a decrease of \$80,883 in FY12.

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION FUNDS

As previously noted, ROE #20 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

ROE #20's governmental funds reported combined fund balances of \$3,506 in FY13 and \$76,243 in FY12. The primary reason for the decrease in combined fund balance in FY13 was due to the decrease in State funding.

Governmental Fund Highlights

- The General Fund balance was \$(2,262) in FY12 and decreased to \$(85,239) in FY13. The decrease in FY13 was attributable to a decrease in State funding which caused revenues received to be less than expenditures.
- The Education Fund balance was \$(4,745) in FY12 and increased to \$0 in FY13. The increase in FY13 was attributable to a decrease in expenditures which caused revenues received to be higher than expenditures.
- The Harrisburg Project Fund balance was \$53,903 in FY12 and increased to \$60,650 in FY13. The increase in FY13 was attributable to a decrease in expenditures which caused revenues received to be higher than expenditures.

Business-Type Fund Highlights

- The Local Workshop Fund balance was \$37,126 in FY12 and decreased to \$34,977 in FY13. The decrease was attributable to having more expenses associated with the workshops which took place during the year.

BUDGETARY HIGHLIGHTS

ROE #20 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.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

BUDGETARY HIGHLIGHTS (CONCLUDED)

The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, ROE #20 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 ROE #20's actual financial activity is included in the supplementary information section of this report.

CAPITAL ASSETS

Capital assets of ROE #20 include office equipment, computers, audio-visual equipment, and office furniture. ROE #20 maintains an inventory of capital assets, which have been accumulated over time. The decrease for FY13 was \$1,988 and came as a result of less grant money available to purchase equipment. More detailed information about capital assets is available in the notes 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 the following existing circumstances that could significantly affect its financial health in the future:

- A decrease is expected in the number of students being served by the local school districts.
- Funding for FY14 is expected to be comparable to FY13.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Regional Offices' citizens, taxpayers, and customers with a general overview of the finances and to demonstrate the accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Superintendent of the Regional Office of Education #20, 512 North Main Street, Harrisburg, Illinois 62946.

BASIC FINANCIAL STATEMENTS

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 219,984	\$ 38,603	\$ 258,587
Due (to) from other funds	(45)	45	-
Due from other governments:			
Local	19,995	-	19,995
State	72,150	-	72,150
Federal	10,739	-	10,739
Total Current Assets	<u>322,823</u>	<u>38,648</u>	<u>361,471</u>
Noncurrent Assets:			
Capital assets, net of depreciation	34,000	-	34,000
Total Noncurrent Assets	<u>34,000</u>	<u>-</u>	<u>34,000</u>
TOTAL ASSETS	<u>356,823</u>	<u>38,648</u>	<u>395,471</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	7,409	1,565	8,974
Salaries and benefits payable	28,566	-	28,566
Due to other governments:			
Local	168,396	1,800	170,196
Loan payable	100,000	-	100,000
Deferred revenue	14,946	-	14,946
Total Current Liabilities	<u>319,317</u>	<u>3,365</u>	<u>322,682</u>
Noncurrent Liabilities:			
Liability for compensated absences	31,204	-	31,204
Total Noncurrent Liabilities	<u>31,204</u>	<u>-</u>	<u>31,204</u>
TOTAL LIABILITIES	<u>350,521</u>	<u>3,365</u>	<u>353,886</u>
NET POSITION			
Net investment in capital assets	34,000	-	34,000
Restricted for educational purposes	88,745	-	88,745
Unrestricted	(116,443)	35,283	(81,160)
TOTAL NET POSITION	<u>\$ 6,302</u>	<u>\$ 35,283</u>	<u>\$ 41,585</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 1,464,517	\$ -	\$ 1,021,702	\$ (442,815)	\$ -	\$ (442,815)
Purchased services	442,902	-	307,499	(135,403)	-	(135,403)
Supplies and materials	88,137	-	36,447	(51,690)	-	(51,690)
Other objects	3,054	-	388	(2,666)	-	(2,666)
Depreciation	8,578	-	-	(8,578)	-	(8,578)
Capital outlay	2,254	-	8,844	6,590	-	6,590
Payments to other governments	1,482,995	-	1,689	(1,481,306)	-	(1,481,306)
Administrative:						
On-behalf payments - State	351,711	-	-	(351,711)	-	(351,711)
Total Governmental Activities	<u>3,844,148</u>	<u>-</u>	<u>1,376,569</u>	<u>(2,467,579)</u>	<u>-</u>	<u>(2,467,579)</u>
Business-type Activities:						
Other	47,208	45,937	-	-	(1,271)	(1,271)
Total Business-type Activities	<u>47,208</u>	<u>45,937</u>	<u>-</u>	<u>-</u>	<u>(1,271)</u>	<u>(1,271)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,891,356</u>	<u>\$ 45,937</u>	<u>\$ 1,376,569</u>	<u>(2,467,579)</u>	<u>(1,271)</u>	<u>(2,468,850)</u>
GENERAL REVENUES:						
Local sources				301,548	-	301,548
State sources				1,740,361	-	1,740,361
On-behalf payments - State				351,711	-	351,711
Investment earnings				25	-	25
Interest expense				(3,720)	-	(3,720)
Transfers				878	(878)	-
Total General Revenues				<u>2,390,803</u>	<u>(878)</u>	<u>2,389,925</u>
CHANGE IN NET POSITION				(76,776)	(2,149)	(78,925)
NET POSITION - BEGINNING				83,078	37,432	120,510
NET POSITION - ENDING				<u>\$ 6,302</u>	<u>\$ 35,283</u>	<u>\$ 41,585</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Education Fund	Harrisburg Project	Other Nonmajor Funds	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 165,226	\$ 15,240	\$ 2,813	\$ 36,705	\$ -	\$ 219,984
Due from other funds	63,421	-	-	3,522	(66,943)	-
Due from other governments:						
Local	19,869	-	108	18	-	19,995
State	5,000	1,465	57,730	7,955	-	72,150
Federal	-	10,739	-	-	-	10,739
TOTAL ASSETS	\$ 253,516	\$ 27,444	\$ 60,651	\$ 48,200	\$ (66,943)	\$ 322,868
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 5,573	\$ 1,704	\$ 1	\$ 131	\$ -	\$ 7,409
Salaries and benefits payable	28,566	-	-	-	-	28,566
Due to other funds	36,220	10,794	-	19,974	(66,943)	45
Due to other governments:						
Local	168,396	-	-	-	-	168,396
Loans payable	100,000	-	-	-	-	100,000
Deferred revenue	-	14,946	-	-	-	14,946
TOTAL LIABILITIES	338,755	27,444	1	20,105	(66,943)	319,362
Fund Balance (Deficit):						
Restricted	-	-	60,650	36,592	-	97,242
Assigned	61,654	-	-	-	-	61,654
Unassigned	(146,893)	-	-	(8,497)	-	(155,390)
Total Fund Balance (Deficit)	(85,239)	-	60,650	28,095	-	3,506
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 253,516	\$ 27,444	\$ 60,651	\$ 48,200	\$ (66,943)	\$ 322,868

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	3,506
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(31,204)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		<u>34,000</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>6,302</u></u>
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EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Education Fund	Harrisburg Project	Other Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 235,433	\$ -	\$ 9,960	\$ 61,049	\$ 306,442
State sources	1,921,778	28,710	692,761	1,183	2,644,432
Federal sources	-	476,728	-	-	476,728
On-behalf payments - State	351,711	-	-	-	351,711
Total Revenues	<u>2,508,922</u>	<u>505,438</u>	<u>702,721</u>	<u>62,232</u>	<u>3,779,313</u>
EXPENDITURES					
Instructional Services					
Salaries and benefits	585,853	256,994	592,945	35,798	1,471,590
Purchased services	113,078	226,266	81,419	22,139	442,902
Supplies and materials	45,690	19,966	16,934	5,547	88,137
Other objects	2,663	391	-	-	3,054
Payments to other governments	1,481,295	1,700	-	-	1,482,995
On-behalf payments - State	351,711	-	-	-	351,711
Capital outlay	4,168	-	4,676	-	8,844
Debt service:					
Interest	3,720	-	-	-	3,720
Total Expenditures	<u>2,588,178</u>	<u>505,317</u>	<u>695,974</u>	<u>63,484</u>	<u>3,852,953</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	<u>(79,256)</u>	<u>121</u>	<u>6,747</u>	<u>(1,252)</u>	<u>(73,640)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	53,435	4,624	-	-	58,059
Transfer out	(57,181)	-	-	-	(57,181)
Interest	25	-	-	-	25
Total Other Financing Sources (Uses)	<u>(3,721)</u>	<u>4,624</u>	<u>-</u>	<u>-</u>	<u>903</u>
NET CHANGE IN FUND BALANCES					
	(82,977)	4,745	6,747	(1,252)	(72,737)
FUND BALANCES - BEGINNING					
	<u>(2,262)</u>	<u>(4,745)</u>	<u>53,903</u>	<u>29,347</u>	<u>76,243</u>
FUND BALANCES (DEFICIT) - ENDING					
	<u>\$ (85,239)</u>	<u>\$ -</u>	<u>\$ 60,650</u>	<u>\$ 28,095</u>	<u>\$ 3,506</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

NET CHANGE IN FUND BALANCES \$ (72,737)

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	\$ 6,590	
Depreciation expense	<u>(8,578)</u>	(1,988)

Revenues reported in the Statement of Activities in the prior year that did not
provide current financial resources, and are reported as revenues in the funds.

Deferred revenue		
Local sources	\$ (4,894)	
State sources	<u>(4,230)</u>	(9,124)

Certain expenses reported in the Statement of Activities do not require the
use of current financial resources and therefore are not reported as
expenditures in governmental funds.

7,073

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (76,776)

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		
	Local Workshops	Other Nonmajor Fund- Lab School Reservations	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 36,497	\$ 2,106	\$ 38,603
Due from other funds	45	-	45
TOTAL ASSETS	36,542	2,106	38,648
LIABILITIES			
Current Liabilities:			
Accounts payable	1,565	-	1,565
Due to other governments			
Local	-	1,800	1,800
TOTAL LIABILITIES	1,565	1,800	3,365
NET POSITION			
Unrestricted	34,977	306	35,283
TOTAL NET POSITION	\$ 34,977	\$ 306	\$ 35,283

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		
	Local Workshops	Other Nonmajor Fund- Lab School Reservations	Totals
OPERATING REVENUES			
Local sources	\$ 45,937	\$ -	\$ 45,937
Total Operating Revenues	45,937	-	45,937
OPERATING EXPENSES			
Purchased services	20,881	-	20,881
Supplies and materials	24,277	-	24,277
Payments to other governments	2,050	-	2,050
Total Operating Expenses	47,208	-	47,208
OPERATING INCOME (LOSS)	(1,271)	-	(1,271)
NONOPERATING REVENUE (EXPENSE)			
Transfer out	(878)	-	(878)
Total Nonoperating Revenue (Expense)	(878)	-	(878)
CHANGE IN NET POSITION	(2,149)	-	(2,149)
TOTAL NET POSITION (DEFICIT) - BEGINNING	37,126	306	37,432
TOTAL NET POSITION - ENDING	\$ 34,977	\$ 306	\$ 35,283

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		Totals
	Local Workshops	Other Nonmajor Fund- Lab School Reservations	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 48,887	\$ -	\$ 48,887
Payments to suppliers and providers of goods and services	(45,943)	-	(45,943)
Net Cash Provided By (Used for) Operating Activities	<u>2,944</u>	<u>-</u>	<u>2,944</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from other governments	-	1,800	1,800
Proceeds from other funds	17,310	14,000	31,310
Payments to other funds	(923)	(14,000)	(14,923)
Net Cash Provided By (Used for) Noncapital Financing Activities	<u>16,387</u>	<u>1,800</u>	<u>18,187</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,331	1,800	21,131
CASH AND CASH EQUIVALENTS - BEGINNING	<u>17,166</u>	<u>306</u>	<u>17,472</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 36,497</u>	<u>\$ 2,106</u>	<u>\$ 38,603</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,271)	\$ -	\$ (1,271)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Change in assets and liabilities:			
Increase (Decrease) in accounts payable	1,265	-	1,265
(Increase) Decrease in receivable	<u>2,950</u>	<u>-</u>	<u>2,950</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 2,944</u>	<u>\$ -</u>	<u>\$ 2,944</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

A. DATE OF MANAGEMENT'S REVIEW

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has evaluated subsequent events through June 24, 2014, the date which the financial statements were available to be issued.

B. 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; to serve as the official advisor and assistant of school officers and teachers; to conduct teacher institutes as well as to aid and encourage the formation of other teacher meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school 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 under his control are properly bonded.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. REPORTING ENTITY (Concluded)

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, or see 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, 2013, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is not aware of any entity, which would exercise such oversight as to result in the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 being considered a component unit of the entity.

D. NEW ACCOUNTING PRONOUNCEMENTS

In 2013, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB No. 14 and No. 34* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Regional Office of Education #20 implemented these standards during the current year; however, GASB Statement No. 60 and GASB Statement No. 61 had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

E. 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has two business-type activities that rely on fees and charges for support.

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 accompanied by a total column.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

These statements are presented on an “economic resources” measurement focus as prescribed by GASB Statement No. 34. All of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’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 and proprietary funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Funds Balance Sheet and Proprietary Funds Statement of Net Position and as other resources and other uses on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and on the Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and internal service 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, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

F. 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.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. PROPRIETARY FUND FINANCIAL STATEMENTS (Concluded)

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

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as 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.

G. 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 on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., 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, typically 60 days. 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. Revenue received after the Regional Office’s availability period are reported as deferred revenue in the fund statements and are reported as current revenue in the Statement of Activities.

H. 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.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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. Their 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20; 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.

Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

I. FUND ACCOUNTING

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 uses governmental and proprietary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING(Continued)

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 a 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, liabilities, 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, liabilities, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has presented all major funds that met the above qualifications. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the Regional Office of Education #20. It is used to account for all financial resources in the Region except those required to be accounted and reported for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

Local Lunch/Breakfast – To account for Local monies received to provide free lunches and breakfasts to eligible needy children.

Payroll – This fund is utilized for processing payroll. Money is transferred from various funds and the salary expenses appear within the fund in which the salary cost was incurred.

General Budget – This fund is used for the general operation of the Regional Office and to cover expenses that are not paid for by other funds.

Truants Alternative/Optional Education – This fund accounts for the proceeds from State grants expended under a program to reduce student truancy.

Truants Alternative General State Aid – These funds are used to account for the administration of monies to be used for the General State Aid Program.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING(Continued)

Regional Safe Schools – This fund is used to account for the monies received from the State. The program concentrates on the education of students who have been expelled from the school districts served by the Regional Office of Education #20.

Safe Schools State Aid – To account for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Safe School.

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

Major special revenue funds include the following:

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

ROE/ISC General Operations – This fund accounts for grant monies received and expended for general and administrative expenses.

Federal Special Education – Pre-School Discretionary – This fund is used to account for the monies received from the State (federal dollars) to promote increasing public awareness of the availability of services and locating, identifying and evaluating children suspected of having disabilities.

Title II – Teacher Quality Leadership –To account for monies passed through to the Professional Development Alliance.

Career and Technical Education Curriculum – This fund is used to account for the monies received from Southern Illinois University to provide technical assistance to the Center for Workforce Development (SIUC) in the Springfield offices located on the Lincoln Land Community College campus and to support grant-funded projects and activities supported through various public/private sector sources.

Principal Mentoring – This fund is used to account for the monies received from the State to ensure that first year principals are mentored by a qualified, highly-trained mentor.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING(Continued)

System of Support – This fund is used to account for the monies received from the State (federal dollars) to provide improvement support to schools in academic early warning and academic watch status as well as to assist other schools whose performance makes placement on the lists in the near future likely.

McKinney-Vento Education For Homeless Children and Youth – This fund is used to account for the monies received from the State (federal dollars) for assisting school districts in identifying and providing assistance to at-risk students.

Federal Lunch – This fund is used to account for the monies received from the State (federal dollars) for reimbursement for meals through the school lunch program at the regular price as well as reimbursement of free and reduced-priced meals for students enrolled in the Regional Safe Schools Program.

State Lunch – To account for State monies received to provide free lunches and breakfasts to eligible needy children enrolled in the Regional Safe School Program.

Federal Forest Reserve – This fund is used to account for the monies received from the State (federal dollars) for school districts with land in the Shawnee National Forest.

Federal Breakfast – This fund is used to account for the monies received from the State (federal dollars) to provide breakfast meals meeting federal requirements to all children in attendance at the Regional Safe School Program.

Harrisburg Project – This fund is used to account for the contract that creates and maintains computer software and provides an electronic exchange of data for the school districts with other entities.

Nonmajor special revenue funds include the following:

General Educational Development – To account for the Regional Office of Education's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING(Concluded)

Institute Fund – This fund accounts for fees from registrations. These funds are used to help pay certain administrative expenses incurred to conduct workshops and for general meetings with teachers and other school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Bus Driver/Transportation – This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 are reported.

Local Workshops – To account for the fees and local revenues received and related disbursements incurred while performing the corresponding program services.

Lab School Reservations – To account for the fees received and related disbursements incurred for startup of the lab schools every August.

J. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – the portion of a Governmental Fund’s net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance – the portion of a Governmental Fund’s net position that is subject to external enforceable legal restrictions. The following fund balance is restricted by grant agreements or contracts: Harrisburg Project. The following funds are restricted by Illinois statute: Institute Fund and Bus Driver/Transportation.

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. There are no accounts presenting a committed fund balance.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. GOVERNMENTAL FUND BALANCES (Concluded)

Assigned Fund Balance – the portion of a Governmental Fund’s net position that denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Payroll, Truants Alternative Gen. State Aid, and Local Lunch/Breakfast.

Unassigned Fund Balance – the portion of a Governmental Fund’s net position that are available expendable resources in a governmental fund that are not designated for a specific purpose. The following fund balances are unassigned: General Budget, Safe Schools State Aid, and General Educational Development.

K. NET POSITION

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

L. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

M. INVENTORY

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. CAPITAL ASSETS

Capital assets purchased or acquired, with an original cost of \$1,000 or more, are reported at historical cost or estimated historical cost. 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.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Office Equipment and Furniture	5 - 10 years
Computer Equipment	3 - 5 years
Building Improvements	10 - 20 years

O. COMPENSATED ABSENCES

Employees of the Regional Office of Education #20 are permitted to accumulate earned but unused vacation benefits. Accumulated unused vacation benefits are accrued as incurred in the government-wide financial statements. Governmental funds record accumulated unused vacation benefits payable only when due for payment, such as an employee retires or resigns. Accrued but unused vacation time in the amount of \$31,204 is included on the government-wide financial statements at June 30, 2013.

Sick leave accumulates as far as time available but is not reimbursable to employees upon termination. Therefore, no accruals or reserves have been established.

P. 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.

Q. BUDGET DATA

The Regional Office of Education #20 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 do so. Comparisons of budgeted and actual results are presented as supplemental information.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Q. BUDGET DATA (Concluded)

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Truants Alternative/Optional Education, Regional Safe Schools, ROE/ISC General Operations, and Federal Special Education – Pre-School Discretionary.

R. UNEARNED REVENUE

The Regional Office of Education #20 reports unearned revenue in the governmental fund Balance Sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period or when grant funds received are unexpended or obligated at year end.

S. REVENUE FROM FEDERAL AND STATE GRANTS

Revenues from federal and State grant awards are recorded net of the amount due to the State or federal agency for unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the State or federal agency are carried over to the following year project and are recorded as liabilities.

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

A. DEPOSITS

At June 30, 2013, the carrying amount of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's government-wide deposits were \$258,587 and the bank balances were \$538,745.

Of the total bank balances as of June 30, 2013, \$250,000 was secured by federal depository insurance and \$288,745 was collateralized by securities pledged by the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 financial institution in the name of the Regional Office.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education # 20's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #20.

B. INVESTMENTS

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. At June 30, 2013, the Regional Office of Education #20 had investments with carrying and fair values of \$11,579 invested in the Illinois Funds Money Market Fund. This amount is included in cash and cash equivalents in the financial statements.

CREDIT RISK

At June 30, 2013, 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 provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

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 Fund states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

CONCENTRATION OF CREDIT RISK

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’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 online at www.imrf.org.

Funding Policy. As set by statute, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’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 2012 was 13.70 percent. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2012 was \$109,019.

A. THREE YEAR TREND INFORMATION FOR THE REGULAR PLAN

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
12/31/12	\$ 109,019	100%	\$0
12/31/11	109,647	100%	0
12/31/10	115,617	100%	0

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) additional 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 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 80.67 percent funded. The actuarial accrued liability for benefits was \$2,218,658 and the actuarial value of assets was \$1,789,773, resulting in an underfunded actuarial accrued liability (UAAL) of \$428,885. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$795,756 and the ratio of the UAAL to the covered payroll was 54 percent.

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

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

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 participates in the Teachers' Retirement System of the State of Illinois (TRS).

TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

The State of Illinois makes contributions directly to TRS on behalf of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’s TRS-covered employees.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. For the year ended June 30, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized revenue and expenditures of \$122,114 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$115,709) and 23.10 percent (\$101,115), respectively.

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 makes other types of employer contributions directly to TRS.

2.2 formula contributions. Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2013 were \$1,412. Contributions for the years ending June 30, 2012 and June 30, 2011, were \$1,656 and \$1,586, respectively.

- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, there is a statutory requirement for the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer pension contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013 no salaries were paid from federal and special trust funds that required employer contributions. For the years ended June 30, 2012 and June 30, 2011, required Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 contributions were \$0 and \$2,707, respectively.

- **Early Retirement Option.** The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. The maximum employer contribution under the current program is 117.5 percent and applies when the member is age 55 at retirement. For the years ended June 30, 2013, 2012, and 2011, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS under the ERO program.
- **Salary increases over 6 percent and excess sick leave.** If the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the years ended June 30, 2013, 2012, and 2011, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid \$0, \$0, and \$2,603, respectively, to TRS for employer contributions due on salary increases in excess of 6 percent.

If the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.63 percent of salary during the year ended June 30, 2013).

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

For the years ended June 30, 2013, 2012, and 2011, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

Further information on TRS. TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for year ended June 30, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013. The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, 2815 West Washington Street, PO Box 19253, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

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

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

On behalf contributions to THIS Fund - The State of Illinois makes employer retiree health insurance contributions on behalf of Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. State contributions are intended to match contributions to THIS Fund from active members which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$1,680, and the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2012 and 2011 were 0.88 and 0.88 percent of pay, respectively. State contributions on behalf of Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 employees were \$1,884 and \$1,805, respectively.

Employer contributions to THIS Fund. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 also makes contributions to THIS Fund. The THIS contribution was 0.69 percent during the year ended June 30, 2013 and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013 the Regional Office of Education #20 paid \$1,680 to the THIS fund. For the years ended June 30, 2012 and 2011, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid \$1,884 and \$1,805, to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services.”

NOTE 6 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2013 consist of the following individual due to/from other funds in the governmental and proprietary fund balance sheets. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 6 – INTERFUND ACTIVITY (Continued)

DUE TO/FROM OTHER FUNDS

Fund	Due From Other Funds	Due To Other Funds
Education Fund	\$ -	\$ 10,794
Proprietary Funds	45	-
NonMajor Funds	3,522	19,974
General Fund	63,421	36,220
	\$ 66,988	\$ 66,988

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2013 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 in the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	Transfer Out	Transfer In
Education Fund	\$ -	\$ 4,624
Proprietary Fund	878	-
General Fund	57,181	53,435
	\$ 58,059	\$ 58,059

NOTE 7 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 7 – CAPITAL ASSET ACTIVITY (Concluded)

The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2013.

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:					
Capital Assets being depreciated:					
Improvements other than buildings	\$ 8,437	\$ -	\$ -	\$ -	\$ 8,437
Machinery and equipment	296,115	6,590	-	-	302,705
Total capital assets being depreciated	<u>304,552</u>	<u>6,590</u>	<u>-</u>	<u>-</u>	<u>311,142</u>
Less accumulated depreciation for:					
Improvements other than buildings	5,566	8,252	-	-	13,818
Machinery and equipment	262,998	326	-	-	263,324
Total accumulated depreciation	<u>268,564</u>	<u>8,578</u>	<u>-</u>	<u>-</u>	<u>277,142</u>
Governmental activities capital assets, net	<u>\$ 35,988</u>	<u>\$ (1,988)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,000</u>
	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>
Business-type Activities:					
Capital Assets being depreciated:					
Improvements other than buildings	\$ 2,182	\$ -	\$ -	\$ -	\$ 2,182
Machinery and equipment	55,740	-	-	-	55,740
Total capital assets being depreciated	<u>57,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,922</u>
Less accumulated depreciation for:					
Improvements other than buildings	2,182	-	-	-	2,182
Machinery and equipment	55,740	-	-	-	55,740
Total accumulated depreciation	<u>57,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,922</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2013 of \$8,578 and \$0 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Net investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 8 – RISK MANAGEMENT

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 9 – OPERATING LEASE

The Regional Office of Education #20 leases its office facilities. The lease term is from August 1, 2012 to June 30, 2015. The monthly rental payments are \$2,410 under the lease. The Regional Office of Education #20 is responsible for all utility bills and trash removal.

In addition, the Regional Office of Education #20 subleases a portion of their facilities to Pre-School Discretionary and Harrisburg Project. Sublease income was \$25,613 for the year ended June 30, 2013.

The Regional Office of Education #20 leases office space for an Alternative School in Harrisburg, Illinois. The lease term is from August 1, 2012 through June 30, 2015. The monthly rental payments under the lease are \$1,550 per month.

The Regional Office of Education #20 leases office space for an Alternative School in Mill Shoals, Illinois. The lease term is from July 1, 2013 through June 30, 2014. The monthly rental payments under the lease are \$500 per month.

During the year ended June 30, 2013, rentals under lease obligations were \$54,270.

Future minimum rentals for the years ending June 30 are:

Years Ending June 30,	Amount
2014	\$ 53,520
2015	47,520
Total	<u>\$ 101,040</u>

NOTE 10 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries and benefits on behalf of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20:

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 10 – ON BEHALF PAYMENTS (Concluded)

Regional Superintendent Salary	\$ 103,032
Assistant Regional Superintendent Salary	88,872
Regional Superintendent Fringe Benefit (Includes State paid insurance)	34,724
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	1,289
Regional Superintendent TRS Pension Contribution	28,900
Assistant Regional Superintendent TRS Pension Contribution	24,929
TRS Pension Contributions	68,285
THIS Contributions	<u>1,680</u>
Total	<u><u>\$ 351,711</u></u>

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

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

NOTE 11 – LINE OF CREDIT

On November 27, 2012, the Regional Office of Education #20 renewed a line of credit under which they are able to borrow up to \$170,381 at a rate of 3.500 percent. There was no outstanding balance on this line of credit as of June 30, 2013. This line of credit agreement matures November 26, 2013.

On June 28, 2013, the Regional Office of Education #20 opened a line of credit under which they borrowed \$100,000 at a rate of 3.500 percent. The outstanding balance at June 30, 2013, was \$100,000. There was no interest accrued on this note as of June 30, 2013. This line of credit matures on October 1, 2013

NOTE 12 – DUE TO/FROM OTHER GOVERNMENTS

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's General Fund, Education Fund, Harrisburg Project, and various grant programs have funds due from/to various other governmental units which consist of the following:

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 12 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due From Other Governments:

Education Fund		
Illinois State Board of Education	\$	1,465
Federal Government		10,739
Nonmajor Special Revenue Fund		
Other State Agencies		7,955
Local Governments		18
Harrisburg Project		
Illinois State Board of Education		57,730
Local Governments		108
General Fund		
Illinois State Board of Education		5,000
Local Governments		19,869
		19,869
	\$	102,884

Due To Other Governments:

General Fund		
Local Governments		168,396
Proprietary Fund		
Local Governments		1,800
		1,800
	\$	170,196

NOTE 13 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – HEALTH INSURANCE

Plan Description. The Regional Office of Education #20 has a fully-insured, experience rated health plan (Plan) through Blue Cross Blue Shield.

Funding Policy. The Regional Office of Education #20 funds the Plan on a “pay-as-you-go cash basis”. The Regional Office implicitly subsidizes the retiree health care coverage. In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees equals the implicit subsidy.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 13 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – HEALTH INSURANCE (CONCLUDED)

The Regional Office of Education #20 requires retirees to pay 100 percent, of the contribution for coverage for retirees and their spouses. Because of this, for actuarial purposes, there is no explicit subsidy. As of August 1, 2012, monthly medical premiums for the Plan are \$593 for the employee only and \$1,248 for the employee and spouse.

	<u>Premium Rate</u>	<u>Explicit Subsidy</u>	<u>Per Capita Cost</u>	<u>Implicit Subsidy</u>
Retiree	\$ 613	\$ -	\$ 1,207	\$ 594
Spouse	557	-	1,207	650

The Plan’s actuary has determined that as of June 30, 2012 the Unfunded Actuarial Accrued Liability (UAAL) for Other Post Employment Benefits (OPEB) is \$125,602, which is 12.4% of covered payroll. That actuary has further determined that the Annual Required Contribution (ARC), determined in accordance with the parameters of GASB Statement No. 45, is \$15,718. This amount is immaterial and has not been recorded as a liability in the Regional Office of Education #20’s accounting records. The annual OPEB cost less employer contributions for the year ended June 30, 2012 is \$15,718. The Regional Office of Education #20 has made no prior contributions to the Plan.

NOTE 14 – DEFICIT FUND BALANCES

Deficit fund balances existed as of June 30, 2013 in the following funds:

<u>Funds with Deficit Fund Balance</u>	<u>Deficit Balance</u>
General Budget	\$ 116,515
Safe Schools State Aid	30,378
General Educational Development	8,497
	<u>\$ 155,390</u>

The General Budget fund’s deficit balance is due to transfers out of the fund to cover deficits in other funds.

Safe Schools State Aid deficit fund balance is due to overspending.

The General Educational Development deficit fund balance is due to overspending.

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$ 1,789,773	\$ 2,218,658	\$ 428,885	80.67%	\$ 795,756	53.90%
12/31/11	1,639,102	2,076,748	437,646	78.93%	848,661	51.57%
12/31/10	1,867,740	2,292,125	424,385	81.49%	922,721	45.99%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$1,853,067. On a market basis, the funded ratio would be 83.52%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Regional Office of Education #20. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/12	\$ -	\$ 125,602	\$ 125,602	0.00%	\$ 1,015,276	12.4%
7/1/11	-	104,815	104,815	0.00%	889,116	11.8%
7/1/10	-	91,611	91,611	0.00%	863,219	10.6%

OTHER SUPPLEMENTAL INFORMATION

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2013

	Local Lunch / Breakfast	Payroll	General Budget	Truants Alternative/ Optional Education
ASSETS				
Cash and cash equivalents	\$ 441	\$ 2,175	\$ 84,099	\$ 12,452
Due from other funds	-	-	58,421	-
Due from other governments				
Local	-	-	19,869	-
State	-	-	-	-
TOTAL ASSETS	\$ 441	\$ 2,175	\$ 162,389	\$ 12,452
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 5,286	\$ -
Salaries and benefits payable	-	-	-	12,452
Due to other funds	-	-	5,222	-
Due to other governments	-	-	-	-
Local	-	-	168,396	-
Loans payable	-	-	100,000	-
TOTAL LIABILITIES	-	-	278,904	12,452
FUND BALANCE (DEFICIT)				
Assigned	441	2,175	-	-
Unassigned	-	-	(116,515)	-
Total Fund Balance (Deficit)	441	2,175	(116,515)	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)				
	\$ 441	\$ 2,175	\$ 162,389	\$ 12,452

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2013

	Truants Alternative Gen. State Aid	Regional Safe Schools	Safe Schools State Aid	TOTALS
ASSETS				
Cash and cash equivalents	\$ 66,059	\$ -	\$ -	\$ 165,226
Due from other funds	-	-	5,000	63,421
Due from other governments				
Local	-	-	-	19,869
State	-	5,000	-	5,000
TOTAL ASSETS	\$ 66,059	\$ 5,000	\$ 5,000	253,516
LIABILITIES				
Accounts payable	\$ 287	\$ -	\$ -	5,573
Salaries and benefits payable	6,734	-	9,380	28,566
Due to other funds	-	5,000	25,998	36,220
Due to other governments	-	-	-	-
Local	-	-	-	168,396
Loans payable	-	-	-	100,000
TOTAL LIABILITIES	7,021	5,000	35,378	338,755
FUND BALANCE (DEFICIT)				
Assigned	59,038	-	-	61,654
Unassigned	-	-	(30,378)	(146,893)
Total Fund Balance (Deficit)	59,038	-	(30,378)	(85,239)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 66,059	\$ 5,000	\$ 5,000	\$ 253,516

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Local Lunch / Breakfast	Payroll	General Budget	Truants Alternative/ Optional Education
REVENUES				
Local sources	\$ 330	\$ -	\$ 226,141	\$ -
State sources	-	-	1,481,295	107,299
On-behalf payments -State	-	-	351,711	-
Total Revenues	<u>330</u>	<u>-</u>	<u>2,059,147</u>	<u>107,299</u>
EXPENDITURES				
Salaries and benefits	-	-	175,628	136,738
Purchased services	72	-	66,045	1,859
Supplies and materials	217	-	1,804	-
Other objects	-	-	2,663	-
Capital outlay	-	-	3,996	-
Payments to other governments	-	-	1,481,295	-
On-behalf payments - State	-	-	351,711	-
Debt service:				
Interest	-	-	3,720	-
Total Expenditures	<u>289</u>	<u>-</u>	<u>2,086,862</u>	<u>138,597</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>41</u>	<u>-</u>	<u>(27,715)</u>	<u>(31,298)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	31,298
Transfers out	-	-	(35,044)	-
Interest	-	-	25	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(35,019)</u>	<u>31,298</u>
NET CHANGE IN FUND BALANCE	41	-	(62,734)	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>400</u>	<u>2,175</u>	<u>(53,781)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 441</u>	<u>\$ 2,175</u>	<u>\$ (116,515)</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Truants Alternative / Gen. State Aid	Regional Safe Schools	Safe Schools State Aid	TOTALS
REVENUES				
Local sources	\$ 4,481	\$ -	\$ 4,481	\$ 235,433
State sources	153,868	63,970	115,346	1,921,778
On-behalf payments -State	-	-	-	351,711
Total Revenues	<u>158,349</u>	<u>63,970</u>	<u>119,827</u>	<u>2,508,922</u>
EXPENDITURES				
Salaries and benefits	126,113	41,830	105,544	585,853
Purchased services	20,460	3	24,639	113,078
Supplies and materials	17,172	-	26,497	45,690
Other objects	-	-	-	2,663
Capital outlay	172	-	-	4,168
Payments to other governments	-	-	-	1,481,295
On-behalf payments - State	-	-	-	351,711
Debt service:				
Interest	-	-	-	3,720
Total Expenditures	<u>163,917</u>	<u>41,833</u>	<u>156,680</u>	<u>2,588,178</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,568)</u>	<u>22,137</u>	<u>(36,853)</u>	<u>(79,256)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	22,137	53,435
Transfers out	-	(22,137)	-	(57,181)
Interest	-	-	-	25
Total Other Financing Sources (Uses)	<u>-</u>	<u>(22,137)</u>	<u>22,137</u>	<u>(3,721)</u>
NET CHANGE IN FUND BALANCE	(5,568)	-	(14,716)	(82,977)
FUND BALANCE (DEFICIT) - BEGINNING	64,606	-	(15,662)	(2,262)
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 59,038</u>	<u>\$ -</u>	<u>\$ (30,378)</u>	<u>\$ (85,239)</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to June 30, 2013)
GENERAL FUND ACCOUNT
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 107,199	\$ 107,199	\$ 107,299
Total Revenues	<u>107,199</u>	<u>107,199</u>	<u>107,299</u>
EXPENDITURES			
Salaries and benefits	94,013	106,454	136,738
Purchased services	9,186	745	1,859
Supplies and materials	4,000	-	-
Total Expenditures	<u>107,199</u>	<u>107,199</u>	<u>138,597</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(31,298)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	-	-	31,298
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>31,298</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to June 30, 2013)
GENERAL FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 63,970	\$ 63,970	\$ 63,970
Total Revenues	<u>63,970</u>	<u>63,970</u>	<u>63,970</u>
EXPENDITURES			
Salaries and benefits	60,484	63,026	41,830
Purchased services	3,486	944	3
Total Expenditures	<u>63,970</u>	<u>63,970</u>	<u>41,833</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>22,137</u>
OTHER FINANCING SOURCES (USES)			
Transfer Out	-	-	(22,137)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(22,137)</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	ROE/ISC General Operations	Federal Special Education - Pre-School Discretionary	Title II Teacher Quality Leadership	Career and Technical Education Curriculum
ASSETS				
Cash and cash equivalents	\$ -	\$ 10,704	\$ -	\$ -
Due from other governments				
State	1,420	-	-	-
Federal	-	-	4,410	911
TOTAL ASSETS	\$ 1,420	\$ 10,704	\$ 4,410	\$ 911
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,420	-	4,410	911
Deferred revenue	-	10,704	-	-
TOTAL LIABILITIES	1,420	10,704	4,410	911
FUND BALANCE (DEFICIT)				
Unassigned	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 1,420	\$ 10,704	\$ 4,410	\$ 911

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	Principal Mentoring	System of Support	McKinney-Vento Education for Homeless Children and Youth	Federal Lunch
ASSETS				
Cash and cash equivalents	\$ -	\$ 294	\$ -	\$ 2,589
Due from other governments				
State	-	-	-	-
Federal	-	1,410	4,008	-
TOTAL ASSETS	\$ -	\$ 1,704	\$ 4,008	\$ 2,589
LIABILITIES				
Accounts payable	\$ -	\$ 1,704	\$ -	\$ -
Due to other funds	-	-	4,008	-
Deferred revenue	-	-	-	2,589
TOTAL LIABILITIES	-	1,704	4,008	2,589
FUND BALANCE (DEFICIT)				
Unassigned	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ 1,704	\$ 4,008	\$ 2,589

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	State Lunch	Federal Forest Reserve	Federal Breakfast	TOTALS
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 1,653	\$ 15,240
Due from other governments				
State	45	-	-	1,465
Federal	-	-	-	10,739
TOTAL ASSETS	\$ 45	\$ -	\$ 1,653	\$ 27,444
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,704
Due to other funds	45	-	-	10,794
Deferred revenue	-	-	1,653	14,946
TOTAL LIABILITIES	45	-	1,653	27,444
FUND BALANCE (DEFICIT)				
Unassigned	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 45	\$ -	\$ 1,653	\$ 27,444

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	ROE/ISC General Operations	Federal Special Education - Pre-school Discretionary	Title II Teacher Quality Leadership
REVENUES			
State sources	\$ 28,098	\$ -	\$ -
Federal sources	-	347,896	4,410
Total Revenue	<u>28,098</u>	<u>347,896</u>	<u>4,410</u>
EXPENDITURES			
Salaries and benefits	27,017	145,510	-
Purchased services	4,163	195,823	4,200
Supplies and materials	664	6,563	210
Other objects	-	-	-
Payments to other governments	-	-	-
Total Expenditures	<u>31,844</u>	<u>347,896</u>	<u>4,410</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,746)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	3,746	-	-
Total Other Financing Sources (Uses)	<u>3,746</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Career and Technical Education Curriculum	Principal Mentoring	System of Support	McKinney-Vento Education for Homeless Children and Youth
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Federal sources	70,000	-	26,016	13,144
Total Revenue	<u>70,000</u>	<u>-</u>	<u>26,016</u>	<u>13,144</u>
EXPENDITURES				
Salaries and benefits	66,854	-	17,613	-
Purchased services	3,146	-	4,527	224
Supplies and materials	-	-	-	12,529
Other objects	-	-	-	391
Payments to other governments	-	-	-	-
Total Expenditures	<u>70,000</u>	<u>-</u>	<u>22,140</u>	<u>13,144</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>3,876</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	515	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>515</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>515</u>	<u>3,876</u>	<u>-</u>
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>(515)</u>	<u>(3,876)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Federal Lunch	State Lunch	Federal Forest Reserve	Federal Breakfast	TOTALS
REVENUES					
State sources	\$ -	\$ 612	\$ -	\$ -	\$ 28,710
Federal sources	9,764	-	1,700	3,798	476,728
Total Revenue	<u>9,764</u>	<u>612</u>	<u>1,700</u>	<u>3,798</u>	<u>505,438</u>
EXPENDITURES					
Salaries and benefits	-	-	-	-	256,994
Purchased services	9,764	975	-	3,444	226,266
Supplies and materials	-	-	-	-	19,966
Other objects	-	-	-	-	391
Payments to other governments	-	-	1,700	-	1,700
Total Expenditures	<u>9,764</u>	<u>975</u>	<u>1,700</u>	<u>3,444</u>	<u>505,317</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(363)</u>	<u>-</u>	<u>354</u>	<u>121</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	363	-	-	4,624
Total Other Financing Sources (Uses)	<u>-</u>	<u>363</u>	<u>-</u>	<u>-</u>	<u>4,624</u>
NET CHANGE IN FUND BALANCE	-	-	-	354	4,745
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>(354)</u>	<u>(4,745)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNT
ROE/ISC GENERAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual
	Original	Final	Amounts
REVENUES			
State sources	\$ 28,098	\$ 28,098	\$ 28,098
Total revenues	<u>28,098</u>	<u>28,098</u>	<u>28,098</u>
EXPENDITURES			
Salaries and benefits	19,931	19,931	27,017
Purchased services	5,235	5,235	4,163
Supplies and materials	1,927	1,927	664
Capital outlay	995	995	-
Other objects	10	10	-
Total Expenditures	<u>28,098</u>	<u>28,098</u>	<u>31,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(3,746)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	-	-	3,746
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,746</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNT
FEDERAL SPECIAL EDUCATION - PRESCHOOL DISCRETIONARY
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 350,000	\$ 350,000	\$ 347,896
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>347,896</u>
EXPENDITURES			
Salaries and benefits	150,567	147,845	145,510
Purchased services	193,013	195,735	195,823
Supplies and materials	6,420	6,420	6,563
Total Expenditures	<u>350,000</u>	<u>350,000</u>	<u>347,896</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</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>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of June 10, 2013 to September 30, 2013)
EDUCATION FUND ACCOUNT
TITLE II TEACHER QUALITY LEADERSHIP
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Total Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 4,410	\$ 4,410	\$ 4,410
Total Revenues	<u>4,410</u>	<u>4,410</u>	<u>4,410</u>
EXPENDITURES			
Purchased services	4,200	4,200	4,200
Supplies and materials	210	210	210
Total Expenditures	<u>4,410</u>	<u>4,410</u>	<u>4,410</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	-	-	-
Transfer Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</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>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	General Educational Development	Institute Fund	Bus Driver/ Transportation	TOTALS
ASSETS				
Cash and cash equivalents	\$ -	\$ 28,329	\$ 8,376	\$ 36,705
Due from other funds	3,522	-	-	3,522
Due from other governments				
Local	-	-	18	18
State	7,955	-	-	7,955
TOTAL ASSETS	\$ 11,477	\$ 28,329	\$ 8,394	\$ 48,200
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 131	\$ 131
Due to other funds	19,974	-	-	19,974
TOTAL LIABILITIES	19,974	-	131	20,105
FUND BALANCE (DEFICIT)				
Restricted	-	28,329	8,263	36,592
Unassigned	(8,497)	-	-	(8,497)
TOTAL FUND BALANCE (DEFICIT)	(8,497)	28,329	8,263	28,095
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 11,477	\$ 28,329	\$ 8,394	\$ 48,200

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Educational Development	Institute Fund	Bus Driver/ Transportation	TOTALS
REVENUES				
Local sources	\$ 40,078	\$ 18,675	\$ 2,296	\$ 61,049
State sources	-	-	1,183	1,183
Total Revenues	<u>40,078</u>	<u>18,675</u>	<u>3,479</u>	<u>62,232</u>
EXPENDITURES				
Salaries and benefits	33,903	-	1,895	35,798
Purchased services	7,139	13,973	1,027	22,139
Supplies and materials	4,840	667	40	5,547
Total Expenditures	<u>45,882</u>	<u>14,640</u>	<u>2,962</u>	<u>63,484</u>
NET CHANGE IN FUND BALANCE	(5,804)	4,035	517	(1,252)
FUND BALANCE (DEFICIT) - BEGINNING	<u>(2,693)</u>	<u>24,294</u>	<u>7,746</u>	<u>29,347</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (8,497)</u>	<u>\$ 28,329</u>	<u>\$ 8,263</u>	<u>\$ 28,095</u>