

**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, 2014**

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
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**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
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**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, 2013  
through November 15, 2013)

Mr. James Taylor

Assistant Regional Superintendent  
(During Audit Period, Acting Effective November 16, 2013  
through April 31, 2014)

Mr. Keith Talley

Assistant Regional Superintendent  
(Current and during Audit Period, Acting Effective  
May 1, 2014 through June 30, 2014)

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

**SUMMARY OF AUDIT FINDINGS**

<b><u>Number of</u></b>	<b><u>This Audit</u></b>	<b><u>Prior Audit</u></b>
Audit findings	6	3
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	1	0

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

**SUMMARY OF FINDINGS AND RESPONSES**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2014-001	11a	Inadequate Internal Control Over Financial Processes	Significant Deficiency
2014-002	11b	Controls Over Financial Statement Preparation	Material Weakness
2014-003	11d	Controls Over Grant Compliance	Compliance/Significant Deficiency
2014-004	11e	Use of Designated Grant Balances	Compliance/Material Weakness
2014-005	11f	Preparation of Monthly Bank Reconciliations	Material Weakness
2014-006	11g	Inadequate Internal Controls Over Institute Fund Expenditures	Compliance/Material Weakness

*PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)*

2013-003	13	Controls over Grant Disbursements	Compliance/Significant Deficiency
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**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
FINANCIAL REPORT SUMMARY (Concluded)**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on October 9, 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 February 24, 2015.

**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, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Funding Progress, and Other Post Employment Benefits – Health Insurance Schedule of Funding Progress on pages 14a-14f, 53 and 54 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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and Schedule of Disbursements

to School District Treasurers and Other Entities – Distributive Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015, 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  
March 23, 2015

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

*Honorable William G. Holland*  
*Auditor General*  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2014, 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 March 23, 2015.

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 2014-002, 2014-004, 2014-005 and 2014-006 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 deficiencies described in the accompanying Schedule of Findings and Responses as items 2014-001 and 2014-003 to be significant deficiencies.

### 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2014-003, 2014-004 and 2014-006.

### 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  
March 23, 2015

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION I – SUMMARY OF AUDITORS' RESULTS  
For the Year Ended June 30, 2014**

**Financial Statements**

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:

- Material weaknesses identified? Yes
- Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2014**

**Finding No. 2014-001– Inadequate Internal Control over Financial Processes** (Partial Repeat of Finding 13-001, 12-01 and 11-01)

**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:**

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

- The salary, as stated on the contract, did not match the amount the employee was paid in 2 out of 40 (5%) individuals tested.
- The Regional Superintendent does not review the payroll register after payroll is processed and before checks are signed and dispersed.

**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 was not aware that the contracts did not match the salary for employees and did not realize it was necessary for the Regional Superintendent to review the payroll register after the payroll was processed and before checks were signed.

**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 matches the employee’s current rate of pay. In addition, the Regional Superintendent should review the payroll register after the payroll is processed to ensure employees are receiving accurate payments as specified in their approved contract.

**MANAGEMENT’S RESPONSE:**

All contracts are now reviewed by the Regional Superintendent and updated as needed to ensure accuracy of contracts and salaries. Previously, the Regional Superintendent signed all checks. Currently, the majority of employees are paid by electronic deposit, which is a change in procedures. The Regional Superintendent is now approving each payroll register before the salaries are disbursed.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2014**

**Finding No. 2014-002– Controls Over Financial Statement Preparation** (Repeat of Finding 13-002, 12-02 and 11-02)

**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. 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:

- The Regional Office's financial information required material adjusting entries to accounts receivable and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries were approved and accepted by Regional Office management.
- There is not sufficient documentary evidence maintained to adequately support adjusting journal entries.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2014**

**Finding No. 2014-002– Controls Over Financial Statement Preparation** (Repeat of Finding 13-002, 12-02 and 11-02) (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 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. Finally, the Regional Office should maintain supporting documentation for all journal entries that are made throughout the year.

**MANAGEMENT'S RESPONSE:**

The Regional Office of Education is completing actions, with regards to the preparation of the financial statements, on a timely manner, and not waiting until the end of the year in preparation for the annual audit. Monthly and quarterly duties are performed timely and approved by the Regional Superintendent. Extra training is not deemed possible, due to the added cost of the training, but the Regional Office of Education is taking into account all of the suggestions of our auditors, and implementing any and all suggestions that they may provide. Once the cost of additional training is plausible, the proper employees will receive the necessary training. The Regional Office of Education is adding additional information to support the adjusting journal entries.



**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2014**

**Finding No. 2014-003– Controls over Grant Compliance**

**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 grant agreements with these entities.

**CONDITION:**

During testing, auditors noted salaries and benefit expenses were allocated to the McKinney-Vento Education for Homeless Children and Youth program using the budgeted amount without proper documentation of the time and effort by the employee for this program.

**EFFECT:**

The Regional Office is not in compliance with the requirements of this federal grant.

**CAUSE:**

The Regional Office of Education does not have a system of internal controls in place to ensure that salary and benefit expenses allocated to federal programs are properly supported.

**RECOMMENDATION:**

The Regional Office should conduct a time study for the employees to determine how much time is spent on the federal programs, such as McKinney-Vento Education for Homeless Children and Youth program, in order to determine the amount of salary and benefit expenses that should be allocated to programs.

**MANAGEMENT'S RESPONSE:**

The Regional Office of Education was unaware that time and effort sheets were needed. Time and effort sheets are currently being completed.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2014**

**Finding No. 2014-004– Use of Designated Grant Balances**

**CRITERIA/SPECIFIC REQUIREMENT:**

The Regional Office of Education #20 has several grant funded programs. Programs funded by State and federal grants must be tracked and maintained separately.

**CONDITION:**

The Regional Office of Education #20 pools program and local revenue into the same bank account. Cash that was granted to the Regional Office, and designated for specific grant purposes, was used to cover deficit cash balances in programs other than those for which the cash was granted.

**EFFECT:**

Cash balances that were designated for specific grant programs were used to fund expenditures for purposes other than those for which the revenue source was designated.

**CAUSE:**

The Regional Office does not reconcile the pooled bank account monthly.

**RECOMMENDATION:**

The Regional Office should not use cash designated for specific grant purposes to cover deficit cash balances in programs other than those for which the cash was granted.

**MANAGEMENT’S RESPONSE:**

As of July 1, 2014, the Regional Office of Education will continue to have one main bank account for all funds. All bank accounts are being reconciled on a monthly basis to ensure that funds are being used appropriately. Inter-fund loans will not be made. Therefore, cash will be accurately stated and this will be another measure to make sure that funds are being spent appropriately. The bank reconciliations, bank statements, and financial reports are reviewed and approved by the Regional Superintendent monthly.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2014**

**Finding No. 2014-005– Preparation of Monthly Bank Reconciliations**

**CRITERIA/SPECIFIC REQUIREMENT:**

As a basic cash management procedure, the Regional Office of Education #20 should be preparing bank reconciliations for each of its cash accounts on a monthly basis. This procedure should be incorporated as part of the monthly closing procedures.

**CONDITION:**

During the current fiscal year, the Regional Office of Education did not reconcile any of its cash accounts until after the fiscal year end in preparation for the annual audit.

**EFFECT:**

Bank accounts that are not reconciled timely each month do not present an accurate picture of cash balances.

**CAUSE:**

The Regional Office does not have monthly closing procedures that include preparing monthly bank reconciliations.

**RECOMMENDATION:**

The Regional Office should develop and implement monthly closing procedures that include preparing a monthly bank reconciliation for all bank accounts at the end of each month.

**MANAGEMENT’S RESPONSE:**

All bank reconciliations are currently being completed on a monthly basis.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2014**

**FINDING No. 2014-006 – Inadequate Internal Controls over Institute Fund Expenditures**

**CRITERIA/SPECIFIC REQUIREMENT:**

According to Article 3 of the Illinois School Code (105 ILCS 5/3-12), all certificate fees and a portion of renewal and duplicate fees are restricted to specific uses, including to defray expenses connected with improving technology necessary for the efficient processing of certificates, to defray all costs associated with the administration of teaching certificates and to defray expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or to defray the expense of any general or special meetings of teachers or school personnel of the region that has been approved by the Regional Superintendent.

**CONDITION:**

The Regional Office of Education allowed \$24,277 of funds generated from certification, renewal and duplicate fees to be loaned to other funds.

**EFFECT:**

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

**CAUSE:**

The Regional Superintendent did not realize funds from the Institute Fund had been loaned to other funds.

**RECOMMENDATION:**

The Regional Office of Education should review the State statute and consult with the Illinois State Board of Education or legal counsel if there is uncertainty as to whether a particular expenditure is permitted for the Institute Fund under Article 3 of the Illinois School Code.

**MANAGEMENT'S RESPONSE:**

To ensure the proper money is in the Institute Fund and loans to other funds are no longer being made, the Regional Office of Education will open a separate bank account for the Institute Fund.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For Year Ended June 30, 2014**

**Finding No. 2014-001– Inadequate Internal Control over Financial Processes** (Partial Repeat of Finding 13-001, 12-01 and 11-01)

**Condition:**

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

- The salary, as stated on the contract, did not match the amount the employee was paid in 2 out of 40 (5%) individuals tested.
- The Regional Superintendent does not review the payroll register after payroll is processed and before checks are signed and dispersed.

**Plan:**

All contracts are now reviewed by the Regional Superintendent and updated as needed to ensure accuracy of contracts and salaries. The Regional Superintendent is now approving each payroll register before the salaries are disbursed.

**Anticipated Date of Completion:**

Immediately upon learning of oversight

**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 Year Ended June 30, 2014**

**Finding No. 2014-002– Controls Over Financial Statement Preparation** (Repeat of Finding 13-002, 12-02 and 11-02)

**Condition:**

The Regional Office of Education #20 does not have sufficient internal controls over the financial reporting process. 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:

- The Regional Office’s financial information required material adjusting entries to accounts receivable and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries were approved and accepted by Regional Office management.
- There is not sufficient documentary evidence maintained to adequately support adjusting journal entries.

**Plan:**

The Regional Office of Education is completing actions, with regards to the preparation of the financial statements, on a timely manner, and not waiting until the end of the year in preparation for the annual audit. Monthly and quarterly duties are performed timely and approved by the Regional Superintendent. Extra training is not deemed possible, due to the added cost of the training, but the Regional Office of Education is taking into account all of the suggestions of our auditors, and implementing any and all suggestions that they may provide. Once the cost of additional training is plausible, the proper employees will receive the necessary training. The Regional Office of Education is adding additional information to support the adjusting journal entries.

**Anticipated Date of Completion:**

July 1, 2015

**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 Year Ended June 30, 2014**

**Finding No. 2014-003– Controls over Grant Compliance**

**Condition:**

During testing, auditors noted salaries and benefit expenses were allocated to the McKinney-Vento Education for Homeless Children and Youth program using the budgeted amount without proper documentation of the time and effort by the employee for this program.

**Plan:**

Time and effort sheets are currently being completed.

**Anticipated Date of Completion:**

Immediately upon learning of oversight

**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 Year Ended June 30, 2014**

**Finding No. 2014-004– Use of Designated Grant Balances**

**Condition:**

The Regional Office of Education #20 pools program and local revenue into the same bank account. Cash that was granted to the Regional Office, and designated for specific grant purposes, was used to cover deficit cash balances in programs other than those for which the cash was granted.

**Plan:**

As of July 1, 2014, the Regional Office of Education will continue to have one main bank account for all funds. All bank accounts are being reconciled on a monthly basis to ensure that funds are being used appropriately. Inter-fund loans will not be made. Therefore, cash will be accurately stated and this will be another measure to make sure that funds are being spent appropriately. The bank reconciliations, bank statements, and financial reports are reviewed and approved by the Regional Superintendent monthly.

**Anticipated Date of Completion:**

July 1, 2015

**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 Year Ended June 30, 2014**

**Finding No. 2014-005– Preparation of Monthly Bank Reconciliations**

**Condition:**

During the current fiscal year, the Regional Office of Education did not reconcile any of its cash accounts until after the fiscal year end in preparation for the annual audit.

**Plan:**

All bank reconciliations are currently being completed on a monthly basis.

**Anticipated Date of Completion:**

Immediately upon learning of oversight

**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 Year Ended June 30, 2014**

**FINDING No. 2014-006 – Inadequate Internal Controls over Institute Fund Expenditures**

**Condition:**

The Regional Office of Education allowed \$24,277 of funds generated from certification, renewal and duplicate fees to be loaned to other funds.

**Plan:**

The Institute Fund monies will be held in a separate bank account.

**Anticipated Date of Completion:**

Immediately upon learning of oversight

**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 Year Ended June 30, 2014**

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
2013-001	Inadequate Internal Control over Financial Processes	Repeated
2013-002	Controls over Financial Statement Preparation	Repeated
2013-003	Controls Over Grant Disbursements	Corrected

## 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  
June 30, 2014**

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, 2014 and 2013. We encourage readers to consider this information in conjunction with ROE #20's financial statements, which follow.

During fiscal year 2014 the Regional Office of Education #20 reclassified the School Facility Tax to the Distributive fund, which is an agency fund, was previously reported as part of the General Fund. There was no impact on fund balances, however this caused a decrease of \$1,481,295 in both revenue and expenditures.

### **2014 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues decreased by \$1,441,020 from \$2,508,922 in fiscal year 2013 to \$1,067,902 in fiscal year 2014. General Fund expenditures decreased by \$1,499,646 from \$2,588,178 in fiscal year 2013 to \$1,088,532 in fiscal year 2014. The majority of the decrease in revenue and expenditures relates to the School Facility Tax fund being reclassified to the Distributive Fund, which is an agency fund, during fiscal year 2014.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$58,562 from \$1,270,391 in fiscal year 2013 to \$1,211,829 in fiscal year 2014. The Special Revenue Fund expenditures decreased by \$45,333 from \$1,264,775 in fiscal year 2013 to \$1,219,442 in fiscal year 2014. The revenue and expenditure decreases are due to less funding from federal sources.

### **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.
- 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.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

**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.

The government-wide financial statements present the Office's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

The fund financial statements provide detailed information about the Regional Office of Education #20's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #20 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

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

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

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

**Reporting The Regional Office Of Education #20 As A Whole (Concluded)**

- 2) Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE has three enterprise funds, Local Workshops, Lab School Reservations, and Fingerprinting.

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

- 3) Fiduciary funds are used to account for assets held by the Regional Office in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Position.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net position at the end of fiscal year 2014 totaled \$7,041. At the end of fiscal year 2013, the net position was \$41,585. The analysis that follows provides a summary of the Office's net position as of June 30, 2014 and 2013, for the governmental and business-type activities.

**CONDENSED STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current Assets	\$ 62,774	\$ 322,823	\$ 34,014	\$ 38,648	\$ 96,788	\$ 361,471
Capital Assets	31,587	34,000	-	-	31,587	34,000
Total Assets	<u>94,361</u>	<u>356,823</u>	<u>34,014</u>	<u>38,648</u>	<u>128,375</u>	<u>395,471</u>
Current Liabilities	85,644	319,317	3,200	3,365	88,844	322,682
Noncurrent Liabilities	32,490	31,204	-	-	32,490	31,204
Total Liabilities	<u>118,134</u>	<u>350,521</u>	<u>3,200</u>	<u>3,365</u>	<u>121,334</u>	<u>353,886</u>
Net Position						
Net investment in capital assets	31,587	34,000	-	-	31,587	34,000
Restricted for educational purposes	85,030	88,745	-	-	85,030	88,745
Unrestricted	<u>(140,390)</u>	<u>(116,443)</u>	<u>30,814</u>	<u>35,283</u>	<u>(109,576)</u>	<u>(81,160)</u>
Total Net Position	<u>\$ (23,773)</u>	<u>\$ 6,302</u>	<u>\$ 30,814</u>	<u>\$ 35,283</u>	<u>\$ 7,041</u>	<u>\$ 41,585</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

**Government-Wide Financial Analysis (Continued)**

The Regional Office of Education's net position decreased by \$34,544 from Fiscal Year 2013 to Fiscal Year 2014. This decrease occurred primarily in the Governmental Funds due to a decrease in grant funding.

**CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2014	2013	2014	2013	2014	2013	2014-2013
Revenues:							
Program revenues:							
Operating Grants/							
Contributions	\$ 1,372,056	\$ 1,376,569	\$ -	\$ -	\$ 1,372,056	\$ 1,376,569	-0.33%
Charges for Services	-	-	32,575	45,937	32,575	45,937	-29.09%
General Revenues:							
Local Sources	293,424	301,548	-	-	293,424	301,548	-2.69%
State Sources	231,800	1,740,361	-	-	231,800	1,740,361	-86.68%
On-Behalf payments							
- State	382,352	351,711	-	-	382,352	351,711	8.71%
Interest	99	25	-	-	99	25	296.00%
Transfers	-	878	-	(878)	-	-	0.00%
Total Revenues	<u>2,279,731</u>	<u>3,771,092</u>	<u>32,575</u>	<u>45,059</u>	<u>2,312,306</u>	<u>3,816,151</u>	<u>-39.41%</u>
Expenses:							
Instructional services:							
Salaries and benefits	1,369,227	1,464,517	-	-	1,369,227	1,464,517	-6.51%
Purchased services	448,002	442,902	-	-	448,002	442,902	1.15%
Supplies and materials	88,889	88,137	-	-	88,889	88,137	0.85%
Payments to other							
governments	3,676	1,482,995	-	-	3,676	1,482,995	-99.75%
Capital outlay	1,097	2,254	-	-	1,097	2,254	-51.33%
Other objects	3,161	3,054	-	-	3,161	3,054	3.50%
Depreciation	13,884	8,578	-	-	13,884	8,578	61.86%
Interest expense	1,385	3,720	-	-	1,385	3,720	-62.77%
Administrative expenses:							
On-behalf payments	382,352	351,711	-	-	382,352	351,711	8.71%
Business-type expenses:							
Instructional	-	-	35,177	47,208	35,177	47,208	-25.49%
Total Expenses	<u>2,311,673</u>	<u>3,847,868</u>	<u>35,177</u>	<u>47,208</u>	<u>2,346,850</u>	<u>3,895,076</u>	<u>-39.75%</u>
Increase (Decrease)							
in Net Position	(31,942)	(76,776)	(2,602)	(2,149)	(34,544)	(78,925)	
Net Position – Beginning							
(Restated-See Note 16)	<u>8,169</u>	<u>83,078</u>	<u>33,416</u>	<u>37,432</u>	<u>41,585</u>	<u>120,510</u>	<u>-65.49%</u>
Net Position – Ending	<u>\$ (23,773)</u>	<u>\$ 6,302</u>	<u>\$ 30,814</u>	<u>\$ 35,283</u>	<u>\$ 7,041</u>	<u>\$ 41,585</u>	<u>-83.07%</u>



**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

**Governmental Activities**

Revenues for governmental activities were \$2,279,731 and expenses were \$2,311,673 for the year ended June 30, 2014. Revenues for governmental activities were \$3,771,092 and expenses were \$3,847,868 for the year ended June 30, 2013. The majority of the decrease in revenues and expenditures relates to the School Facility Tax fund being reclassified to the Distributive Fund, which is an agency fund, during fiscal year 2014.

**Business-type Activities**

Revenues for business-type activities were \$32,575 and expenses were \$35,177 for the year ended June 30, 2014. Revenues for business-type activities were \$45,059 and expenses were \$47,208 for the year ended June 30, 2013. The decrease in revenues is due primarily to a decrease in activity in the Local Workshops fund.

**Financial analysis of the Regional Office of Education #20 Funds**

As previously noted, the Regional Office of Education #20 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$(22,870) at June 30, 2014 compared to fiscal year 2013's ending fund balance of \$5,373. The decrease is a result of decreased funding from local and federal sources.

**Budgetary Highlights**

The Regional Office of Education #20 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year that runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education #20 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

**Capital Assets**

Capital assets of the Regional Office of Education #20 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The Regional Office of Education #20 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2014, Regional Office of Education #20 purchased assets totaling \$11,471 and deleted no assets, resulting in an ending balance of \$322,613. In addition, the Regional Office of Education #20 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 3 of the financial statements.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE  
COUNTIES REGIONAL OFFICE OF EDUCATION #20  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

**Economic Factors and Next Year's Budget**

At the time these financial statements were prepared and audited, the Regional Office of Education #20 was aware of an existing circumstance that could affect its financial health in the future:

- Funding for FY15 is expected to increase, due to the increase in the TAOEP and ROE/ISC grants.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #20 at 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, 2014**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 16,999	\$ -	\$ 16,999
Due from (to) other funds	(34,014)	34,014	-
Due from other governments:			
State	72,113	-	72,113
Local	7,676	-	7,676
Total current assets	<u>62,774</u>	<u>34,014</u>	<u>96,788</u>
<b>NONCURRENT ASSETS:</b>			
Capital assets, net of depreciation	<u>31,587</u>	-	<u>31,587</u>
Total noncurrent assets	<u>31,587</u>	-	<u>31,587</u>
<b>TOTAL ASSETS</b>	<u>94,361</u>	<u>34,014</u>	<u>128,375</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdraft	19,254	-	19,254
Accounts payable	2,593	300	2,893
Salaries and benefits payable	24,622	-	24,622
Due to other governments:			
Local	1,700	2,900	4,600
State	1,651	-	1,651
Unearned revenue	<u>35,824</u>	-	<u>35,824</u>
Total current liabilities	<u>85,644</u>	<u>3,200</u>	<u>88,844</u>
<b>NONCURRENT LIABILITIES</b>			
Liability for compensated absences	<u>32,490</u>	-	<u>32,490</u>
<b>TOTAL LIABILITIES</b>	<u>118,134</u>	<u>3,200</u>	<u>121,334</u>
<b>NET POSITION</b>			
Net investment in capital assets	31,587	-	31,587
Unrestricted	(140,390)	30,814	(109,576)
Restricted for educational purposes	<u>85,030</u>	-	<u>85,030</u>
<b>TOTAL NET POSITION</b>	<u>\$ (23,773)</u>	<u>\$ 30,814</u>	<u>\$ 7,041</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, 2014**

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues		Primary Government		
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT</b>						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 1,369,227	\$ -	\$ 1,009,668	\$ (359,559)	\$ -	\$ (359,559)
Purchased services	448,002	-	321,612	(126,390)	-	(126,390)
Supplies and materials	88,889	-	24,505	(64,384)	-	(64,384)
Other objects	3,161	-	-	(3,161)	-	(3,161)
Depreciation	13,884	-	-	(13,884)	-	(13,884)
Capital outlay	1,097	-	12,568	11,471	-	11,471
Payments to other governments	3,676	-	3,703	27	-	27
Administrative:						
On-behalf payments - State	382,352	-	-	(382,352)	-	(382,352)
Total Governmental Activities	<u>2,310,288</u>	<u>-</u>	<u>1,372,056</u>	<u>(938,232)</u>	<u>-</u>	<u>(938,232)</u>
Business-type Activities:						
Other	35,177	32,575	-	-	(2,602)	(2,602)
Total Business-type Activities	<u>35,177</u>	<u>32,575</u>	<u>-</u>	<u>-</u>	<u>(2,602)</u>	<u>(2,602)</u>
Total Primary Government	<u>\$ 2,345,465</u>	<u>\$ 32,575</u>	<u>\$ 1,372,056</u>	<u>(938,232)</u>	<u>(2,602)</u>	<u>(940,834)</u>
General Revenues:						
Local sources				293,424	-	293,424
State sources				231,800	-	231,800
On-behalf payments - State				382,352	-	382,352
Interest				99	-	99
Interest expense				(1,385)	-	(1,385)
Total General Revenues				<u>906,290</u>	<u>-</u>	<u>906,290</u>
Change in net position				(31,942)	(2,602)	(34,544)
Net Position - beginning, restated see note 16				<u>8,169</u>	<u>33,416</u>	<u>41,585</u>
Net Position - ending				<u>\$ (23,773)</u>	<u>\$ 30,814</u>	<u>\$ 7,041</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014**

	General Fund	Education Fund	Harrisburg Project	General Educational Development	Institute Fund	Bus Driver/ Transportation	Eliminations	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 16,999	\$ -	\$ -	\$ 16,999
Due from other funds	194,847	45,869	132	-	24,277	10,422	(275,547)	-
Due from other governments:								
State	12,871	124	59,118	-	-	-	-	72,113
Local	-	7,676	-	-	-	-	-	7,676
<b>TOTAL ASSETS</b>	<b>\$ 207,718</b>	<b>\$ 53,669</b>	<b>\$ 59,250</b>	<b>\$ -</b>	<b>\$ 41,276</b>	<b>\$ 10,422</b>	<b>\$ (275,547)</b>	<b>\$ 96,788</b>
<b>LIABILITIES</b>								
Bank overdraft	\$ 19,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,254
Accounts payable	2,592	-	1	-	-	-	-	2,593
Salaries and benefits payable	24,622	-	-	-	-	-	-	24,622
Due to other funds	269,150	14,494	-	25,917	-	-	(275,547)	34,014
Due to other governments:								
Local	-	1,700	-	-	-	-	-	1,700
State	-	1,651	-	-	-	-	-	1,651
Unearned revenue	-	35,824	-	-	-	-	-	35,824
<b>Total Liabilities</b>	<b>315,618</b>	<b>53,669</b>	<b>1</b>	<b>25,917</b>	<b>-</b>	<b>-</b>	<b>(275,547)</b>	<b>119,658</b>
<b>FUND BALANCES (DEFICITS)</b>								
Restricted	-	-	59,249	-	41,276	10,422	-	110,947
Assigned	80,625	-	-	-	-	-	-	80,625
Unassigned	(188,525)	-	-	(25,917)	-	-	-	(214,442)
<b>Total fund balances (deficits)</b>	<b>(107,900)</b>	<b>-</b>	<b>59,249</b>	<b>(25,917)</b>	<b>41,276</b>	<b>10,422</b>	<b>-</b>	<b>(22,870)</b>
<b>TOTAL LIABILITIES, FUND BALANCES (DEFICITS)</b>	<b>\$ 207,718</b>	<b>\$ 53,669</b>	<b>\$ 59,250</b>	<b>\$ -</b>	<b>\$ 41,276</b>	<b>\$ 10,422</b>	<b>\$ (275,547)</b>	<b>\$ 96,788</b>

**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, 2014**

Total fund balances-governmental funds	\$	(22,870)
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		31,587
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(32,490)</u>
Net position of governmental activities	\$	<u><u>(23,773)</u></u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2014**

	General Fund	Education Fund	Harrisburg Project	General Educational Development	Institute Fund	Bus Driver/Transportation	Eliminations	Total Governmental Funds
<b>REVENUES</b>								
State sources	\$ 435,756	\$ 28,657	\$ 709,423	\$ -	\$ -	\$ 1,183	\$ -	\$ 1,175,019
Federal sources	-	428,837	-	-	-	-	-	428,837
Local sources	249,696	-	53	17,667	22,510	3,498	-	293,424
Interest	98	-	-	-	1	-	-	99
On-behalf payments - State	382,352	-	-	-	-	-	-	382,352
Total revenues	<u>1,067,902</u>	<u>457,494</u>	<u>709,476</u>	<u>17,667</u>	<u>22,511</u>	<u>4,681</u>	<u>-</u>	<u>2,279,731</u>
<b>EXPENDITURES</b>								
Instructional Services								
Salaries and benefits	492,209	228,905	616,711	28,060	-	2,056	-	1,367,941
Purchased services	139,261	217,067	75,541	5,252	10,415	466	-	448,002
Supplies and materials	63,155	9,877	13,974	1,325	558	-	-	88,889
Other objects	3,161	-	-	-	-	-	-	3,161
Payments to other governments	-	3,676	-	-	-	-	-	3,676
On-behalf payments - State	382,352	-	-	-	-	-	-	382,352
Capital outlay	7,009	-	4,651	450	458	-	-	12,568
Debt service								
Interest	1,385	-	-	-	-	-	-	1,385
Total expenditures	<u>1,088,532</u>	<u>459,525</u>	<u>710,877</u>	<u>35,087</u>	<u>11,431</u>	<u>2,522</u>	<u>-</u>	<u>2,307,974</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(20,630)</u>	<u>(2,031)</u>	<u>(1,401)</u>	<u>(17,420)</u>	<u>11,080</u>	<u>2,159</u>	<u>-</u>	<u>(28,243)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfer in	-	2,031	-	-	-	-	(2,031)	-
Transfer out	(2,031)	-	-	-	-	-	2,031	-
Total other financing sources (uses)	<u>(2,031)</u>	<u>2,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(22,661)</u>	<u>-</u>	<u>(1,401)</u>	<u>(17,420)</u>	<u>11,080</u>	<u>2,159</u>	<u>-</u>	<u>(28,243)</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR,								
RESTATED SEE NOTE 16	(85,239)	-	60,650	(8,497)	30,196	8,263	-	5,373
FUND BALANCE (DEFICIT), END OF YEAR	<u><u>\$(107,900)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 59,249</u></u>	<u><u>\$ (25,917)</u></u>	<u><u>\$ 41,276</u></u>	<u><u>\$ 10,422</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (22,870)</u></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, 2014**

Net change in fund balances		\$ (28,243)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay	\$ 11,471	
Depreciation	<u>(13,884)</u>	(2,413)
<p>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.</p>		
		<u>(1,286)</u>
Change in net position of governmental activities		<u><u>\$ (31,942)</u></u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2014**

	Business-type Activities - Enterprise Funds				
	Nonmajor Enterprise Funds				
	Local Workshops	Lab School Reservations	Fingerprinting	Eliminations	Totals
<b>Assets</b>					
Current assets					
Due from other funds	\$ 31,515	\$ 3,206	\$ -	\$ (707)	\$ 34,014
<b>Total Assets</b>	<b>31,515</b>	<b>3,206</b>	<b>-</b>	<b>(707)</b>	<b>34,014</b>
<b>Liabilities</b>					
Current Liabilities					
Accounts payable	300	-	-	-	300
Due to other funds	-	-	707	(707)	-
Due to other governments:					
Local	-	2,900	-	-	2,900
<b>Total Liabilities</b>	<b>300</b>	<b>2,900</b>	<b>707</b>	<b>(707)</b>	<b>3,200</b>
<b>Net Position</b>					
Unrestricted	31,215	306	(707)	-	30,814
<b>Total Net Position</b>	<b>\$ 31,215</b>	<b>\$ 306</b>	<b>\$ (707)</b>	<b>\$ -</b>	<b>\$ 30,814</b>

**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, 2014**

	Business-type Activities - Enterprise Funds			Totals
	Nonmajor Enterprise Funds			
	Local Workshops	Lab School Reservations	Fingerprinting	
Operating Revenues				
Charges for services	\$ 28,238	\$ -	\$ 4,337	\$ 32,575
Operating Expenses				
Purchased services	22,035	-	3,177	25,212
Supplies and materials	7,590	-	-	7,590
Payments to other governments	2,375	-	-	2,375
Total operating expenses	32,000	-	3,177	35,177
Change in Net Position	(3,762)	-	1,160	(2,602)
Net Position, Beginning of year, Restated See Note 16	34,977	306	(1,867)	33,416
Net Position, End of year	\$ 31,215	\$ 306	\$ (707)	\$ 30,814

**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, 2014**

	Business-type Activities - Enterprise Funds			Totals
	Nonmajor Enterprise Funds			
	Local Workshops	Lab School Reservations	Fingerprinting	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 28,238	\$ -	\$ 4,337	\$ 32,575
Payments to suppliers and providers of goods and services	(33,265)	-	(3,177)	(36,442)
Net cash provided by (used for) operating activities	<u>(5,027)</u>	<u>-</u>	<u>1,160</u>	<u>(3,867)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from other governments	-	1,100	-	1,100
Proceeds from other funds	-	-	707	707
Payments to other funds	(31,470)	(3,206)	-	(34,676)
Net cash provided by (used for) noncapital financing activities	<u>(31,470)</u>	<u>(2,106)</u>	<u>707</u>	<u>(32,869)</u>
Net increase (decrease) in cash and cash equivalents	(36,497)	(2,106)	1,867	(36,736)
Cash and cash equivalents- Beginning of year	<u>36,497</u>	<u>2,106</u>	<u>(1,867)</u>	<u>36,736</u>
Cash and cash equivalents- End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (3,762)	\$ -	\$ 1,160	\$ (2,602)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Increase/(decrease) in liabilities:				
Accounts payable	(1,265)	-	-	(1,265)
Net cash provided by (used for) operating activities	<u>\$ (5,027)</u>	<u>\$ -</u>	<u>\$ 1,160</u>	<u>\$ (3,867)</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2014**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ -</u>
<b>TOTAL ASSETS</b>	<u><u>\$ -</u></u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ -</u></u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**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 March 23, 2015, 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.

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.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. REPORTING ENTITY (Concluded)**

For the period ended June 30, 2014, 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.

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.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. NEW ACCOUNTING PRONOUNCEMENTS**

In 2014, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The Regional Office of Education #20 implemented these standards during the current year; however, GASB Statement No. 70 had no impact on the financial statements. The implementation of GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB Statement No. 66 resolved conflicting guidance that resulted from the issuance of GASB Statement Nos. 54 and 62 regarding risk financing activities, operating leases, purchased loans, and servicing fees. The implementation of GASB Statement No. 67 improved financial reporting by state and local governmental pension plans.

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

**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 three 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 THE FINANCIAL STATEMENTS  
June 30, 2014**

**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, proprietary funds and fiduciary 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 THE FINANCIAL STATEMENTS  
June 30, 2014**

**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 non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**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. 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 other long-term obligations, which are recognized when paid. Revenues received more than 60 days after the end of the current period are unavailable revenue in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements.

**H. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Concluded)**

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. 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.

Under the terms of grant agreements, 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.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. FUND ACCOUNTING (Continued)**

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions typically are reported. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows and liabilities plus deferred inflows of resources 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 (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The 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 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.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. FUND ACCOUNTING (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

**General Fund (Concluded)**

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.

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 Fund - 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 or committed to expenditures for specified purposes. Major special revenue funds include the following:

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

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.

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.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. FUND ACCOUNTING (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

**Major Special Revenues Fund (Concluded)**

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

Title II-Teacher Quality –This program is used to account for federal grant monies received for, and payment of, expenditures related to providing teachers and principals training in teacher and principal evaluations.

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.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. FUND ACCOUNTING (Continued)**

**GOVERNMENTAL FUNDS (Concluded)**

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.

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 Fund - 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.

Fingerprinting – To fund accounts for revenues and expenditures associated with fingerprinting conducted by the Regional Office.

**FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held by the Regional Office of Education #20 in a trustee capacity or an agent for individuals, private organizations, other governmental units, and/or other funds.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. FUND ACCOUNTING (Concluded)**

**FIDUCIARY FUNDS**

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Distributive Fund – this fund receives monies from the State Comptroller for the School Facilities Occupation Tax for Saline and Gallatin County school districts. The monies are then forwarded directly to the school districts. The Regional Office of Education #20 has agreements with all entities that receive distributions from this fund to keep all accumulated interest.

**J. GOVERNMENTAL FUND BALANCES**

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

Assigned Fund Balance – the portion of a Governmental Fund’s net position that denotes 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, and Truants Alternative General State Aid.

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: Local Lunch/Breakfast, General Budget, Safe Schools State Aid, and General Educational Development.



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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

**L. BUDGETARY 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.

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

**M. 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.

**N. INVENTORY**

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. CAPITAL ASSETS**

Capital assets purchased or acquired, with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost. 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

In the fund financial statements, fixed assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**P. 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 \$32,490 is included on the government-wide financial statements at June 30, 2014.

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

**Q. 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.

**R. UNEARNED REVENUE**

The Regional Office of Education #20 reports unearned revenue in the governmental fund Balance Sheet. Unearned revenue arises when grant funds received are unexpended or obligated at year end.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**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. BANK DEPOSITS**

At June 30, 2014, 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 \$16,999 and the bank balances were \$304,765.

Of the total bank balances as of June 30, 2014, \$250,000 was secured by federal depository insurance and \$54,765 was collateralized by securities pledged by the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's financial institution in the name of the Regional Office.

**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.

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**NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)**

**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, 2014, the Regional Office of Education #20 had investments with carrying and fair values of \$16,999 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, 2014, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with 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.

**NOTE 3 – 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. The following table provides a summary of changes in capital assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2014:

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**NOTE 3 – CAPITAL ASSET ACTIVITY (Concluded)**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2014</u>
Governmental Activities:					
Capital Assets being depreciated:					
Improvements other than buildings	\$ 8,437	\$ -	\$ -	\$ -	\$ 8,437
Machinery and equipment	302,705	11,471	-	-	314,176
Total capital assets being depreciated	<u>311,142</u>	<u>11,471</u>	<u>-</u>	<u>-</u>	<u>322,613</u>
Less accumulated depreciation for:					
Improvements other than buildings	13,818	-	-	-	13,818
Machinery and equipment	263,324	13,884	-	-	277,208
Total accumulated depreciation	<u>277,142</u>	<u>13,884</u>	<u>-</u>	<u>-</u>	<u>291,026</u>
Governmental activities capital assets, net	<u>\$ 34,000</u>	<u>\$ (2,413)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,587</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2014</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, 2014 of \$13,884 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.

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**NOTE 4 – 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 (RSI). That report may be obtained online at [www.imrf.org](http://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 2013 was 14.77 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 2013 was \$110,748.

**A. THREE YEAR TREND INFORMATION FOR THE REGULAR PLAN**

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
12/31/13	\$ 110,748	100%	\$0
12/31/12	109,019	100%	0
12/31/11	109,647	100%	0

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**NOTE 4 – DEFINED BENEFIT PENSION PLAN (Concluded)**

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of 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, 2011 is being amortized as a level percentage of projected payroll on an open 10 year basis.

**Funded Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 85.78 percent funded. The actuarial accrued liability for benefits was \$2,219,902 and the actuarial value of assets was \$1,904,263, resulting in an underfunded actuarial accrued liability (UAAL) of \$315,639. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$749,818 and the ratio of the UAAL to the covered payroll was 42 percent.

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

**NOTE 5 – 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.

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**NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
(Continued)**

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

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, 2014, State of Illinois contributions were based on 35.41 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 \$147,271 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the State of Illinois contribution rates were 28.05 percent (\$122,114) and 24.91 percent (\$115,709), 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, 2014 were \$1,361. Contributions for the years ending June 30, 2013 and June 30, 2012, were \$1,412 and \$1,656, 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 has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.



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**NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
(Continued)**

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer pension contribution was 28.05 and 24.91 percent, respectively. For the years ended June 30, 2014, 2013, and 2012 no salaries were paid from federal and special trust funds therefore there were no required employer contributions.

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

For the years ended June 30, 2014, 2013, and 2012, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to 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, 2014, 2013, and 2012, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 made no employer contribution 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 (17.29 percent of salary during the year ended June 30, 2014).

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
(Concluded)**

For the years ended June 30, 2014, 2013, and 2012, 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, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014. The reports may be obtained by writing to the 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 6 – 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 post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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

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 THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)**

**On behalf contributions to the 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 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$2,103, 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, 2013 and 2012 were 0.92 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 \$1,680 and \$1,884, 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 Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013 and 2012, respectively. For the year ended June 30, 2014 the Regional Office of Education #20 paid \$1,561 to the THIS fund. For the years ended June 30, 2013 and 2012, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid \$1,680 and \$1,884, 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 current reports are listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services”.

**NOTE 7 – DUE FROM/TO OTHER FUNDS**

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
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REGIONAL OFFICE OF EDUCATION #20  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 7 – DUE FROM/TO OTHER FUNDS (Concluded)**

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Education Fund	\$ 45,869	\$ 14,494
Proprietary Funds	34,721	707
Harrisburg Project	132	-
General Educational Development Institute	-	25,917
Bus Driver/Transportation	24,277	-
General Fund	10,422	-
	194,847	269,150
	<u>\$ 310,268</u>	<u>\$ 310,268</u>

**TRANSFERS**

Interfund transfers in/out to other fund balances at June 30, 2014 consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and 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.

	<u>Transfer Out</u>	<u>Transfer In</u>
Education Fund	\$ -	\$ 2,031
General Fund	<u>2,031</u>	<u>-</u>
Totals	<u>\$ 2,031</u>	<u>\$ 2,031</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 8 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

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

**NOTE 9 – 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 10 – 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 \$16,545 for the year ended June 30, 2014.

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, 2014 through June 30, 2015. The monthly rental payments under the lease are \$500 per month.

During the year ended June 30, 2014, rentals under lease obligations were \$53,520.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
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REGIONAL OFFICE OF EDUCATION #20  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 10 – OPERATING LEASE (Concluded)**

Future minimum rentals for the years ending June 30 are:

Years Ending	Amount
<u>June 30,</u>	<u>        </u>
2015	\$ 53,520

**NOTE 11 – 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:

Regional Superintendent Salary	\$ 104,783
Assistant Regional Superintendent Salary	94,320
Regional Superintendent Fringe Benefit (Includes State paid insurance)	32,507
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	1,368
Regional Superintendent TRS Pension Contribution	37,104
Assistant Regional Superintendent TRS Pension Contribution	33,399
TRS Pension Contributions	76,768
THIS Contributions	<u>2,103</u>
Total	<u><u>\$ 382,352</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 12 – LINE OF CREDIT**

The Regional Office of Education #20 has a line of credit for \$100,000, which carries an interest rate of 3.50 percent, matures on October 1, 2014 and is unsecured. As of June 30, 2014, the balance drawn on the line was \$0.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 13 – DUE FROM/TO OTHER GOVERNMENTS**

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

Due From Other Governments:

Education Fund		
Illinois State Board of Education	\$	124
Local Governments		7,676
Harrisburg Project		
Illinois State Board of Education		59,118
General Fund		
Illinois State Board of Education		12,871
		\$ 79,789
		\$ 79,789

Due To Other Governments:

Education Fund		
Illinois State Board of Education		1,651
Local school districts		1,700
Non-major Enterprise Fund		
Local		2,900
		\$ 6,251
		\$ 6,251

**NOTE 14 – POST EMPLOYMENT BENEFITS– 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 THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 14 – POST EMPLOYMENT BENEFITS – 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, 2014, monthly medical premiums for the Plan are \$757 for the employee only and \$1,267 for the employee and spouse.

	<u>Premium Rate</u>	<u>Explicit Subsidy</u>	<u>Per Capita Cost</u>	<u>Implicit Subsidy</u>
Retiree	\$ 757	\$ -	\$ 1,492	\$ 735
Spouse	510	-	1,492	982

The Plan's actuary has determined that as of June 30, 2013 the Unfunded Actuarial Accrued Liability (UAAL) for Other Post Employment Benefits (OPEB) is \$153,517, which is 14.7% 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 \$18,874. This amount 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, 2014 is \$18,887. The Regional Office of Education #20 has made no prior contributions to the Plan.

**NOTE 15 – DEFICIT FUND BALANCES**

Deficit fund balances existed as of June 30, 2014 in the following funds:

<u>Funds with Deficit Fund Balance</u>	<u>Deficit Balance</u>
Local Lunch/Breakfast	\$ 2,321
General Budget	142,382
Safe Schools State Aid	43,822
General Educational Development	25,917
	<u>\$ 214,442</u>



**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 16 – RESTATEMENT**

In prior audit periods the Fingerprinting fund was accounted for within the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, and White Counties Regional Office of Education #20’s Institute Fund. During our audit we identified the Fingerprinting fund as a proprietary fund. Additionally, the accounting for the School Facilities Tax was moved to the Distributive Fund. This had no impact on fund balance, however this caused a decrease of \$1,481,295 in both revenue and expenditures.

	Special Revenue Fund	Proprietary Fund
<b>Fund Balance, July 1, 2013</b>	\$ 28,329	\$ -
Fingerprinting Reclassed out of the Institute Fund to Fingerprinting Fund	1,867	(1,867)
<b>Fund Balance, July 1, 2013, Restated</b>	\$ 30,196	\$ (1,867)

**NOTE 17 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION**

On November 22, 2013, the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2013. Effective July 1, 2015, Hamilton County will be included in the Regional Office of Education #20.

**NOTE 18 – SUBSEQUENT EVENT**

The line of credit (see Note 12) was renewed on September 30, 2014 for a period of 90 days, maturing on December 31, 2014, with a credit limit of \$75,000 and on December 1, 2014 for a period of 180 days, maturing on July 1, 2015, with a credit limit of \$270,000. The interest rate for both renewal dates is 3.50%.

**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, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a)/c )
12/31/13	\$ 1,904,263	\$ 2,219,902	\$ 315,639	85.78%	\$ 749,818	42.10%
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%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$2,245,788. On a market basis, the funded ratio would be 101.17%.

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  
OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE  
SCHEDULE OF FUNDING PROGRESS  
(UNAUDITED)  
June 30, 2014**

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 )
7/1/13	\$ -	\$ 153,517	\$ 153,517	0.00%	\$ 1,045,734	14.7%
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%

**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, 2014**

	Local Lunch / Breakfast	Payroll	General Budget	Truants Alternative/ Optional Education
<b>Assets</b>				
Due from other funds	\$ -	\$ 2,175	\$ 94,866	\$ -
Due from other governments				
State	-	-	-	9,715
Total Assets	<u>\$ -</u>	<u>\$ 2,175</u>	<u>\$ 94,866</u>	<u>\$ 9,715</u>
<b>Liabilities</b>				
Bank overdraft	\$ -	\$ -	\$ 19,254	\$ -
Accounts payable	-	-	2,592	-
Salaries and benefits payable	-	-	-	-
Due to other funds	2,321	-	215,402	9,715
Total Liabilities	<u>2,321</u>	<u>-</u>	<u>237,248</u>	<u>9,715</u>
<b>Fund Balance (Deficit)</b>				
Assigned	-	2,175	-	-
Unassigned	(2,321)	-	(142,382)	-
Total Fund Balance (Deficit)	<u>(2,321)</u>	<u>2,175</u>	<u>(142,382)</u>	<u>-</u>
 Total Liabilities and Fund Balance (Deficit)	 <u>\$ -</u>	 <u>\$ 2,175</u>	 <u>\$ 94,866</u>	 <u>\$ 9,715</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2014**

	Truants Alternative General State Aid	Regional Safe Schools	Safe Schools State Aid	Totals
<b>Assets</b>				
Due from other funds	\$ 97,806	\$ -	\$ -	\$ 194,847
Due from other governments				
State	-	3,156	-	12,871
Total Assets	<u>\$ 97,806</u>	<u>\$ 3,156</u>	<u>\$ -</u>	<u>\$ 207,718</u>
<b>Liabilities</b>				
Bank overdraft	\$ -	\$ -	\$ -	\$ 19,254
Accounts payable	-	-	-	2,592
Salaries and benefits payable	19,356	-	5,266	24,622
Due to other funds	-	3,156	38,556	269,150
Total Liabilities	<u>19,356</u>	<u>3,156</u>	<u>43,822</u>	<u>315,618</u>
<b>Fund Balance (Deficit)</b>				
Assigned	78,450	-	-	80,625
Unassigned	-	-	(43,822)	(188,525)
Total Fund Balance (Deficit)	<u>78,450</u>	<u>-</u>	<u>(43,822)</u>	<u>(107,900)</u>
 Total Liabilities and Fund Balance (Deficit)	 <u>\$ 97,806</u>	 <u>\$ 3,156</u>	 <u>\$ -</u>	 <u>\$ 207,718</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, 2014**

	Local Lunch / Breakfast	Payroll	General Budget	Truants Alternative/ Optional Education
Revenues				
State sources	\$ -	\$ -	\$ -	\$ 103,715
Local sources	648	-	231,363	-
On-behalf payments -State	-	-	382,352	-
Interest	-	-	98	-
Total Revenues	<u>648</u>	<u>-</u>	<u>613,813</u>	<u>103,715</u>
Expenditures				
Salaries and benefits	-	-	141,661	102,698
Purchased services	1,212	-	88,736	1,017
Supplies and materials	2,198	-	13,345	-
Other objects	-	-	3,161	-
Capital outlay	-	-	7,009	-
Payments to other governments	-	-	-	-
On-behalf payments - State	-	-	382,352	-
Debt service:				
Interest	-	-	1,385	-
Total Expenditures	<u>3,410</u>	<u>-</u>	<u>637,649</u>	<u>103,715</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(2,762)</u>	<u>-</u>	<u>(23,836)</u>	<u>-</u>
Other Financing Sources/(Uses)				
Transfers out	-	-	(2,031)	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>(2,031)</u>	<u>-</u>
Net change in fund balance	(2,762)	-	(25,867)	-
Fund Balance (Deficit), Beginning of year	441	2,175	(116,515)	-
Fund Balance (Deficit), End of year	<u>\$ (2,321)</u>	<u>\$ 2,175</u>	<u>\$ (142,382)</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, 2014**

	Truants Alternative / General State Aid	Regional Safe Schools	Safe Schools State Aid	Totals
<b>Revenues</b>				
State sources	\$ 160,339	\$ 62,126	\$ 109,576	\$ 435,756
Local sources	7,415	-	10,270	249,696
On-behalf payments -State	-	-	-	382,352
Interest	-	-	-	98
Total Revenues	<u>167,754</u>	<u>62,126</u>	<u>119,846</u>	<u>1,067,902</u>
<b>Expenditures</b>				
Salaries and benefits	102,006	61,802	84,042	492,209
Purchased services	22,806	324	25,166	139,261
Supplies and materials	23,530	-	24,082	63,155
Other objects	-	-	-	3,161
Capital outlay	-	-	-	7,009
Payments to other governments	-	-	-	-
On-behalf payments - State	-	-	-	382,352
Debt service:				
Interest	-	-	-	1,385
Total Expenditures	<u>148,342</u>	<u>62,126</u>	<u>133,290</u>	<u>1,088,532</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>19,412</u>	<u>-</u>	<u>(13,444)</u>	<u>(20,630)</u>
<b>Other Financing Sources/(Uses)</b>				
Transfers out	-	-	-	(2,031)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,031)</u>
Net change in fund balance	19,412	-	(13,444)	(22,661)
Fund Balance (Deficit), Beginning of year	<u>59,038</u>	<u>-</u>	<u>(30,378)</u>	<u>(85,239)</u>
Fund Balance (Deficit), End of year	<u>\$ 78,450</u>	<u>\$ -</u>	<u>\$ (43,822)</u>	<u>\$ (107,900)</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND ACCOUNT  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION  
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 103,715	\$ 103,715	\$ 103,715
Total Revenues	<u>103,715</u>	<u>103,715</u>	<u>103,715</u>
Expenditures			
Salaries and benefits	102,186	102,186	102,698
Purchased services	1,529	1,529	1,017
Total Expenditures	<u>103,715</u>	<u>103,715</u>	<u>103,715</u>
Excess/Deficiency of revenues over (under) expenditures	-	-	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND ACCOUNT  
REGIONAL SAFE SCHOOLS  
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 62,126	\$ 62,126	\$ 62,126
Total Revenues	<u>62,126</u>	<u>62,126</u>	<u>62,126</u>
Expenditures			
Salaries and benefits	61,506	61,506	61,802
Purchased services	620	620	324
Total Expenditures	<u>62,126</u>	<u>62,126</u>	<u>62,126</u>
Excess/Deficiency of revenues over (under) expenditures	-	-	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<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, 2014**

	ROE/ISC General Operations	Federal Special Education - Pre-School Discretionary	Career and Technical Education Curriculum	Title II- Teacher Quality- Leadership Grant	Title II- Teacher Quality	System of Support
<b>Assets</b>						
Due from other funds	\$ -	\$ 28,222	\$ -	\$ -	\$ -	\$ -
Due from other governments						
State	-	-	-	-	-	-
Local	-	-	-	-		328
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 28,222</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 328</b>
<b>Liabilities</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 328
Due to other governments:						
Local	-	-	-	-	-	-
State	-	-	-	-	-	-
Unearned revenue	-	28,222	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>28,222</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>328</b>
<b>Fund Balance (Deficit)</b>						
Unassigned	-	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balance (Deficit)</b>	<b>\$ -</b>	<b>\$ 28,222</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 328</b>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2014**

	McKinney-Vento Education for Homeless Children and Youth	Federal Lunch	State Lunch	Federal Forest Reserve	Federal Breakfast	Totals
<b>Assets</b>						
Due from other funds	\$ -	\$ 5,400	\$ 6,694	\$ 1,700	\$ 3,853	\$ 45,869
Due from other governments						
State	-	-	124	-	-	124
Local	7,348	-	-	-	-	7,676
<b>Total Assets</b>	<b>\$ 7,348</b>	<b>\$ 5,400</b>	<b>\$ 6,818</b>	<b>\$ 1,700</b>	<b>\$ 3,853</b>	<b>\$ 53,669</b>
<b>Liabilities</b>						
Due to other funds	\$ 7,348	\$ -	\$ 6,818	\$ -	\$ -	\$ 14,494
Due to other governments:						
Local	-	-	-	1,700	-	1,700
State	-	-	-	-	1,651	1,651
Unearned revenue	-	5,400	-	-	2,202	35,824
<b>Total Liabilities</b>	<b>7,348</b>	<b>5,400</b>	<b>6,818</b>	<b>1,700</b>	<b>3,853</b>	<b>53,669</b>
<b>Fund Balance (Deficit)</b>						
Unassigned	-	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balance (Deficit)</b>	<b>\$ 7,348</b>	<b>\$ 5,400</b>	<b>\$ 6,818</b>	<b>\$ 1,700</b>	<b>\$ 3,853</b>	<b>\$ 53,669</b>

**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, 2014**

	ROE/ISC General Operations	Federal Special Education - Pre-school Discretionary	Career and Technical Education Curriculum	Title II- Teacher Quality- Leadership Grant	Title II- Teacher Quality	System of Support
<b>Revenues</b>						
State sources	\$ 28,132	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	332,182	49,717	2,940	1,141	8,692
<b>Total Revenues</b>	<b>28,132</b>	<b>332,182</b>	<b>49,717</b>	<b>2,940</b>	<b>1,141</b>	<b>8,692</b>
<b>Expenditures</b>						
Salaries and benefits	28,132	143,110	47,414	-	-	4,206
Purchased services	-	182,987	3,245	2,800	1,141	4,390
Supplies and materials	-	6,085	-	140	-	1,185
Payments to other governments	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>28,132</b>	<b>332,182</b>	<b>50,659</b>	<b>2,940</b>	<b>1,141</b>	<b>9,781</b>
Excess/(Deficiency) of revenue over (under) expenditures	-	-	(942)	-	-	(1,089)
<b>Other Financing Sources/(Uses)</b>						
Transfer in	-	-	942	-	-	1,089
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>942</b>	<b>-</b>	<b>-</b>	<b>1,089</b>
Net change in fund balance	-	-	-	-	-	-
Fund Balance (Deficit), Beginning of year	-	-	-	-	-	-
<b>Fund Balance (Deficit), End of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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, 2014**

	McKinney-Vento Education for Homeless Children and Youth	Federal Lunch	State Lunch	Federal Forest Reserve	Federal Breakfast	Totals
Revenues						
State sources	\$ -	\$ -	\$ 525	\$ -	\$ -	\$ 28,657
Federal sources	11,911	13,382	-	3,676	5,196	428,837
Total Revenues	<u>11,911</u>	<u>13,382</u>	<u>525</u>	<u>3,676</u>	<u>5,196</u>	<u>457,494</u>
Expenditures						
Salaries and benefits	6,043	-	-	-	-	228,905
Purchased services	3,698	13,085	525	-	5,196	217,067
Supplies and materials	2,170	297	-	-	-	9,877
Payments to other governments	-	-	-	3,676	-	3,676
Total Expenditures	<u>11,911</u>	<u>13,382</u>	<u>525</u>	<u>3,676</u>	<u>5,196</u>	<u>459,525</u>
Excess/(Deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,031)</u>
Other Financing Sources/(Uses)						
Transfer in	-	-	-	-	-	2,031
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,031</u>
Net change in fund balance	-	-	-	-	-	-
Fund Balance (Deficit), Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), End of year	<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  
EDUCATION FUND ACCOUNT  
ROE/ISC GENERAL OPERATIONS  
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 28,132	\$ 28,132	\$ 28,132
Total revenues	<u>28,132</u>	<u>28,132</u>	<u>28,132</u>
Expenditures			
Salaries and benefits	28,132	28,132	28,132
Total Expenditures	<u>28,132</u>	<u>28,132</u>	<u>28,132</u>
Excess/Deficiency of revenues over (under) expenditures	-	-	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>



**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
FEDERAL SPECIAL EDUCATION – PRE-SCHOOL DISCRETIONARY  
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 350,000	\$ 350,000	\$ 332,182
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>332,182</u>
Expenditures			
Salaries and benefits	156,027	135,985	143,110
Purchased services	187,416	207,458	182,987
Supplies and materials	6,557	6,557	6,085
Total Expenditures	<u>350,000</u>	<u>350,000</u>	<u>332,182</u>
Excess/Deficiency of revenues over (under) expenditures	-	-	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE II-TEACHER QUALITY-LEADERSHIP GRANT  
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues			
Federal sources	\$ 2,940	\$ 2,940	\$ 2,940
Total Revenues	<u>2,940</u>	<u>2,940</u>	<u>2,940</u>
Expenditures			
Purchased services	2,800	2,800	2,800
Supplies and materials	140	140	140
Total Expenditures	<u>2,940</u>	<u>2,940</u>	<u>2,940</u>
Excess/Deficiency of revenues over (under) expenditures	-	-	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE II-TEACHER QUALITY  
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues			
Federal sources	\$ 1,141	\$ 1,141	\$ 1,141
Total Revenues	<u>1,141</u>	<u>1,141</u>	<u>1,141</u>
Expenditures			
Purchased services	<u>1,141</u>	<u>1,141</u>	<u>1,141</u>
Total Expenditures	<u>1,141</u>	<u>1,141</u>	<u>1,141</u>
Excess/Deficiency of revenues over (under) expenditures	-	-	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
For the Year Ended June 30, 2014**

	<u>Balance 07/01/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/14</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 168,396	\$ 2,020,532	\$ 2,188,928	\$ -
TOTAL ASSETS	<u>\$ 168,396</u>	<u>\$ 2,020,532</u>	<u>\$ 2,188,928</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 168,396	\$ 2,020,532	\$ 2,188,928	\$ -
TOTAL LIABILITIES	<u>\$ 168,396</u>	<u>\$ 2,020,532</u>	<u>\$ 2,188,928</u>	<u>\$ -</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,  
WAYNE, AND WHITE COUNTIES  
REGIONAL OFFICE OF EDUCATION #20  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT  
TREASURERS AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
For the Year Ended June 30, 2014**

District	Saline and Gallatin Counties School Facility Occupation Tax
Carrier Mills Stonefort CUSD #2	\$ 229,360
Eldorado CUSD #4	632,454
Galatia CUSD #1	216,088
Gallatin County CUSD #7	5,198
Harrisburg CUSD #3	1,105,828
	\$ 2,188,928