

**State of Illinois
HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2013**

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

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 TABLE OF CONTENTS
 JUNE 30, 2013

TABLE OF CONTENTS

	<u>PAGE</u>
Officials	1
Compliance Report Summary	2-3
Financial Statement Report Summary	4
 FINANCIAL SECTION	
Independent Auditors’ Report	5-7
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8-9
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133	10-12
Schedule of Findings and Questioned Costs	
Section I – Summary of Auditors’ Results	13
Section II – Financial Statement Findings	14a-14i
Section III –Federal Award Findings	15a-15c
Corrective Action Plan for Current-Year Audit Findings	16a-16f
Summary Schedule of Prior Audit Findings	17
Management’s Discussion and Analysis	18a-18f
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements	
Balance Sheet – Governmental Funds	21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Funds	22

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
TABLE OF CONTENTS
JUNE 30, 2013

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds.....	24
Statement of Net Position – Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
Statement of Fiduciary Net Position – Fiduciary Funds.....	28
Notes to the Financial Statements	29-56

REQUIRED SUPPLEMENTAL INFORMATION

Illinois Municipal Retirement Fund Schedule of Funding Progress	57
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OTHER SUPPLEMENTAL INFORMATION

Combining Schedule of Accounts – General Fund	58
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts	59
Combining Schedule of Accounts – Education Fund	60-64
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Education Fund Accounts.....	65-69
Budgetary Comparison Schedules – Education Fund Accounts	
Child and Family Connections	70
Early Childhood Grant (12-3705-00)	71
Early Childhood Grant (13-3705-00)	72
Early Childhood Block Grant (12-3705-01).....	73
Early Childhood Block Grant (13-3705-01).....	74
McKinney Education for Homeless Children (12-4920-00)	75
McKinney Education for Homeless Children (13-4920-00)	76
Regional Safe Schools.....	77
Regional System Provider/Federal System	78
Teaching American History.....	79
Title II - Teacher Leadership	80
Title II - Teacher Quality.....	81
Truants Alternative Optional Education (13-3695-13)	82
Truants Alternative Optional Education Program Training (12-3695-00).....	83
Truants Alternative Optional Education Program Training (13-3695-11).....	84
WC4 (ROE/ISC Operations)	85

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
TABLE OF CONTENTS
JUNE 30, 2013

Combining Balance Sheet – Nonmajor Special Revenue Funds.....	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	87
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	88
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds	89
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	90
Combining Statement of Fiduciary Net Position – Agency Funds.....	91-92
Combining Statement of Changes in Assets and Liabilities – Agency Funds	93-95
Schedule of Disbursements to Other Entities – Distributive Fund	96

FEDERAL COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	97-98
Notes to the Schedule of Expenditures of Federal Awards.....	99

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26

OFFICIALS

Regional Superintendent
(Current and During the Audit Period)

Mr. John Meixner

Assistant Regional Superintendent
(Current and During the Audit Period,
Half-Time Effective January 1, 2012)

Mr. Gary Eddington

Assistant Regional Superintendent
(Current and During the Audit Period,
Half-Time Effective January 1, 2012)

Mr. Jim McCain

Office is located at:

130 South LaFayette Street, Suite 200
Macomb, Illinois 61455

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	4	2
Repeated audit findings	2	1
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

2013-001	14a	Controls over Financial Statement Preparation	Material Weakness
2013-002	14c	Inadequate Internal Control Procedures	Material Weakness
2013-003	14g	Inadequate Internal Controls over Expenditures	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

2013-003	14g	Inadequate Internal Controls over Expenditures	Material Weakness
2013-004	15a	Compliance with Reporting Requirements	Compliance

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26

COMPLIANCE REPORT SUMMARY (Concluded)

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

EXIT CONFERENCE

An informal exit conference was held on September 26, 2013, with John Meixner, Regional Superintendent, Betty Martin, Controller, Tami Knight, CPA, Kemper CPA Group, and Karen Bojda, CPA, Kemper CPA Group. Potential findings were discussed and recommendations for change or improvement in current procedures were presented. Additional findings and recommendations were discussed in a conference call among the same attendees on November 7, 2013. Responses to the recommendations were provided by John Meixner, Regional Superintendent.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of Hancock/McDonough Counties Regional Office of Education #26 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unmodified opinion on Hancock/McDonough Counties Regional Office of Education #26'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 Hancock/McDonough Counties Regional Office of Education #26, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Hancock/McDonough Counties Regional Office of Education #26's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hancock/McDonough Counties Regional Office of Education #26, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 18a through 18f and 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hancock/McDonough Counties Regional Office of Education #26's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to Other Entities - Distributive Fund, and Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to Other Entities - Distributive Fund, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to Other Entities - Distributive Fund, and Schedule of Expenditures of Federal Awards 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 January 23, 2014 on our consideration of the Hancock/McDonough Counties Regional Office of Education #26'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 Hancock/McDonough Counties Regional Office of Education #26's internal control over financial reporting and compliance.

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
January 23, 2014

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hancock/McDonough Counties Regional Office of Education #26, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Hancock/McDonough Counties Regional Office of Education #26's basic financial statements and have issued our report thereon dated January 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hancock/McDonough Counties Regional Office of Education #26'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 Hancock/McDonough Counties Regional Office of Education #26's internal control. Accordingly, we do not express an opinion on the effectiveness of Hancock/McDonough Counties Regional Office of Education #26'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 Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

deficiencies described in the accompanying Schedule of Findings and Questioned Costs as findings 2013-001, 2013-002, and 2013-003 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hancock/McDonough Counties Regional Office of Education #26'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Regional Office of Education #26's Responses to Findings

Hancock/McDonough Counties Regional Office of Education #26's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Hancock/McDonough Counties Regional Office of Education #26'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 Hancock/McDonough Counties Regional Office of Education #26's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hancock/McDonough Counties Regional Office of Education #26's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
January 23, 2014

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

Honorable William G. Holland
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Hancock/McDonough Counties Regional Office of Education #26's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hancock/McDonough Counties Regional Office of Education #26's major federal programs for the year ended June 30, 2013. Hancock/McDonough Counties Regional Office of Education #26's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Hancock/McDonough Counties Regional Office of Education #26's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hancock/McDonough Counties Regional Office of Education #26's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Hancock/McDonough Counties Regional Office of Education #26's compliance.

Opinion on Each Major Federal Program

In our opinion, the Hancock/McDonough Counties Regional Office of Education #26 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 2013-004. Our opinion on each major federal program is not modified with respect to this matter.

Hancock/McDonough Counties Regional Office of Education #26's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Hancock/McDonough Counties Regional Office of Education #26's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Hancock/McDonough Counties Regional Office of Education #26 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hancock/McDonough Counties Regional Office of Education #26's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hancock/McDonough Counties Regional Office of Education #26's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questions Costs as finding 2013-003 to be a material weakness.

Hancock/McDonough Counties Regional Office of Education #26's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Hancock/McDonough Counties Regional Office of Education #26's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
January 23, 2014

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2013

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) identified?	None Reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.215X	Fund for the Improvement of Education
84.181	Special Education - Grants for Infants and Families

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000	
Auditee qualified as a low-risk auditee?	No

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2013-001 – Controls over Financial Statement Preparation (Repeated from Finding No. 12-01, 11-1, 10-1, 09-1, 08-1, and 07-1)

Criteria/Specific Requirement:

The Regional Office of Education #26 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office'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 fund balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate to be provided in the fund financial statements.

Condition:

The Regional Office of Education #26 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #26 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #26 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #26's financial information prepared by the Regional Office of Education #26, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, no entries were provided to reconcile the Regional Office of Education #26's grant activity, such as posting grant receivables and unearned revenue.

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2013-001 – Controls over Financial Statement Preparation (Repeated from Finding No. 12-01, 11-1, 10-1, 09-1, 08-1, and 07-1) (Concluded)

- A loan of cash between two general fund accounts was recorded as an expenditure in the Interest Fund and as a revenue in the Online Payment Fund.

Effect:

The Regional Office of Education #26'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:

According to the Regional Office of Education #26's management, current funding levels are not adequate to hire and/or train accounting personnel in order to comply with these requirements.

Auditor's Recommendation:

As part of internal control over the preparation of financial statements, the Regional Office of Education #26 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(s) possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #26's activities and operations.

Management's Response:

The Regional Office of Education #26 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

The Regional Office of Education #26 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that its employees possess the knowledge required to compile the necessary GAAP-based financial statements. The organization will also research the possibility of having another accounting company prepare our financial statements independent of the auditors.

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2013-002 – Inadequate Internal Control Procedures (Partial repeat from Finding No. 12-02)

Criteria/Specific Requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions to prevent errors and fraud.

Condition:

During the audit we noted the following weaknesses in the Regional Office's internal control system for which there were no mitigating controls:

- A. We noted a bank account where there was inadequate segregation of duties over the bank reconciliation process. The same individual who prepares the bank reconciliations for this account also opens the bank statements when received in the mail. In addition, there was no documented review of the related bank reconciliations by management or an individual independent of the reconciliation and general ledger process.
- B. We noted several instances where administrative costs and the associated reimbursing transfer of cash were recorded as revenues and expenditures in both the special revenue fund that incurred the cost and in a general fund from which expenses were paid, resulting in double-booking of revenues and expenditures.
- C. During our testing, we noted capital asset additions in the amount of \$11,511 which were not included on the Regional Office's asset listing.
- D. There is not adequate documentation of inventory counting procedures by the employees of the Western Area Purchasing Co-op when inventory is received, segregated for delivery to Co-op members, and delivered to the Co-op members.
- E. We noted one instance where a member of management did not review or approve the payroll report.

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2013-002 – Inadequate Internal Control Procedures (Partial repeat from Finding No. 12-02) (Continued)

- F. We noted two instances where the bank reconciliation did not agree to the general ledger cash balance. In the case of the Administrators Roundtable Fund, two months of activity in the fund were not recorded in the accounting system. In the case of the Fingerprinting Fund, the opening balance was not correctly recorded and an outstanding disbursement check was not recorded in the accounting system.
- G. Revenue of \$6,145 in the Education for Homeless Children and Youth grant that remained unspent at the end of the final grant period in the Adult Learning Resource Center Fund was not recorded as due back to the grantors.
- H. The disbursements for the Fingerprinting Fund are not subject to the Regional Office's established internal control procedures over disbursements. In addition, this Fund included credit card payment receipts from three additional special revenue funds that were not transferred to and recorded in the appropriate funds.

Effect:

Lack of sufficient internal controls over the financial process of the Regional Office could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

Cause:

The Regional Office of Education #26 has not established or documented sufficient internal control procedures.

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2013-002 – Inadequate Internal Control Procedures (Partial repeat from Finding No. 12-02) (Continued)

Auditor's Recommendation:

- A. Management or an individual independent of the bank reconciliation process should receive the unopened bank statements to review prior to the reconciliation preparation. In addition, management or an individual independent of the reconciliation process should review the bank reconciliations for all bank accounts to ensure that the reconciliation is completed in a timely manner and that the reconciled balance agrees to the general ledger. The bank reconciliation should be initialed and dated by both the preparer and the reviewer.
- B. Administrative costs should be recorded in the fund that incurred the expenses. The associated transfer of cash to reimburse the fund that paid the costs should be recorded as an offset to the associated expenditure account in the reimbursed fund, or this activity should be recorded in an internal service fund.
- C. The Regional Office should establish procedures to ensure their capital asset listing is maintained in accordance with the Regional Office's capital asset policy.
- D. To provide documentation of the Regional Office's internal controls over inventory, the Western Area Purchasing Co-op employees should document who performed the inventory count and the date each count was completed when inventory is received, segregated for Co-op members, and delivered to Co-op members. This information should be documented on the packing slips, Co-op member's order forms, and delivery forms respectively.
- E. A member of management should review and approve all payroll disbursements prior to payment.
- F. All activity in all funds should be timely recorded in the accounting system. Reconciled bank balances should be reviewed to ensure they agree with the general ledger.

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2013-002 – Inadequate Internal Control Procedures (Partial repeat from Finding No. 12-02) (Concluded)

- G. Absent an extension or permission from the grantor to carry unspent funding forward to the next grant period, any unspent grant funds at the end of the grant period should be returned to the grantor or recorded as due to the grantor.
- H. All disbursements of the Regional Office should follow the established internal control procedures governing support, review, and approval of disbursements. Receipts of restricted funding for other special revenue funds should be recorded in the appropriate fund.

Management's Response:

The Regional Office accepts the current auditors' recommendations and has revised Hancock/McDonough Regional Office of Education policies, procedures and/or practices to address the findings noted.

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2013-003 – Inadequate Internal Controls over Expenditures

Federal Programs: Special Education—Grants for Infants and Families (Child and Family Connections);
Fund for the Improvement of Education (Teaching American History)

Project Nos.: 835024900 & U215X080056

CFDA Nos.: 84.181 & 84.215X

Passed Through: Illinois Department of Human Services; direct award

Federal Agency: U.S. Department of Human Services; U.S. Department of Education

Criteria/Specific Requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions, including disbursements, to prevent errors and fraud and to ensure compliance with applicable requirements for federal awards.

Condition:

- A. In 4 out of 17 (24%) credit card statements examined, original receipts were not attached and reconciled to the statements; 1 of the statements included costs that were charged to the Special Education - Grants for Infants and Families grant (CFDA 84.181). In addition, there was no indication of management's approval of the expenditure or authorization for payment of the charges on one of the statements.
- B. Most journal entries were not supported by documentation, and none had evidence of review by someone independent of the general ledger process. Five journal entries affecting costs charged to the Special Education - Grants for Infants and Families grant (CFDA 84.181) had adequate support but were lacking evidence of independent review.
- C. Original supporting documentation for two expenditures charged to the Special Education - Grant for Infants and Families grant (CFDA 84.181) could not be located. One expenditure charged to the Fund for the Improvement of Education grant (CFDA 84.215X) lacked supporting documentation indicating review by someone independent of the general ledger process.

Questioned Costs: Known: \$ 819
Projected: 7,299
Total: \$ 8,118

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

**Finding No. 2013-003 – Inadequate Internal Controls over Expenditures
(Continued)**

Context:

- A. A credit card statement for \$600 of expenditures charged to the Special Education - Grants for Infants and Families grant (CFDA 84.181) and examined during compliance testing did not have original receipts attached.

- B. Five journal entries totaling \$32,925 charged to the Special Education - Grants for Infants and Families grant (CFDA 84.181) lacked evidence of independent review. Because these journal entries agreed to supporting documents, there were no questioned costs associated with this internal control weakness.

- C. Supporting documentation could not be located for two expenditures totaling \$219 charged to the Special Education - Grants for Infants and Families grant (CFDA 84.181). A purchase request and voucher indicating contemporaneous review and approval of one expenditure charged to the Fund for the Improvement of Education grant (CFDA 84.215X) could not be located. Because auditors were able to obtain a copy of the invoice directly from the vendor, there were no questioned costs associated with this invoice.

Effect:

Lack of sufficient internal controls over expenditures could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties. In addition, lack of sufficient internal controls over expenditures does not ensure compliance with applicable requirements for federal awards.

Cause:

The Regional Office of Education #26 has not established or documented sufficient internal control procedures over expenditures.

Auditor's Recommendation:

- A. All original credit card receipts should be reviewed, approved, and reconciled to credit card statements prior to the credit card statement being paid.

- B. All journal entries should be accompanied by supporting documentation and have documented review and approval by someone independent of the general ledger processes.

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

**Finding No. 2013-003 – Inadequate Internal Controls over Expenditures
(Concluded)**

- C. Supporting documentation for all transactions should be maintained in such a way that it can be timely located in the event of any questions or disputes from vendors, grantors, clients, or auditors about their occurrence, amount, classification, timing, or obligations.

Management's Response:

The Regional Office accepts the current auditors' recommendations and has revised policies, procedures and/or practices to address the findings noted.

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION III – FEDERAL AWARD FINDINGS

Finding No. 2013-004 – Compliance with Reporting Requirements

Federal Program: Fund for the Improvement of Education (Teaching American History)

Project No.: U215X080056

CFDA No.: 84.215X

Passed Through: Direct Award

Federal Agency: U.S. Department of Education

Criteria/Specific Requirement:

According to the grant agreement for the Fund for the Improvement of Education and federal regulations included by reference, the Regional Office is required to administer the grant using a financial management system that provides for the accurate, current, and complete disclosure of the financial results in accordance with applicable reporting requirements. The grant agreement requires an annual performance report and a final performance report at the end of the grant period that explains the variances between budgeted and actual expenditures.

Condition:

The actual expenditures reported on the final grant performance report for this grant award did not agree to the Regional Office's accounting records.

Questioned Costs: None

Context:

The actual expenditures, by budgeted line item and in total, reported in the final performance report for this grant did not agree to the Regional Office's general ledger accounts. Total expenditures were underreported by \$27,741.

Effect:

The variances from the budget for this grant award were not accurately reported, resulting in a failure to comply with the grant requirement for accurate, current, and complete disclosure of financial results.

Cause:

The grant performance report was not prepared using information obtained from the Regional Office's accounting system.

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION III – FEDERAL AWARD FINDINGS (Continued)

Finding No. 2013-004 – Compliance with Reporting Requirements (Concluded)

Auditor's Recommendation:

Grant reports that disclose financial information should be prepared using current and accurate financial data based on reports obtained from the Regional Office's accounting system. The final grant performance report should be amended to reflect accurate expenditures by line item and in total and be resubmitted to the granting agency.

Management's Response:

The Regional Office accepts the current auditors' recommendations and has revised policies, procedures and/or practices to address the findings noted.

HANCOCK/McDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION III – FEDERAL AWARD FINDINGS (Concluded)

INSTANCES OF NONCOMPLIANCE:

FINDING 2013-004—(finding details on pages 15a-b)

SIGNIFICANT DEFICIENCIES:

NONE

MATERIAL WEAKNESSES:

FINDING 2013-003—(finding details on pages 14g-i)

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

CORRECTIVE ACTION PLAN

Finding No. 2013-001 – Controls over Financial Statement Preparation (Repeated from Finding No. 12-01, 11-1, 10-1, 09-1, 08-1, and 07-1)

Condition:

The Regional Office of Education #26 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #26 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #26 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #26's financial information prepared by the Regional Office of Education #26, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, no entries were provided to reconcile the Regional Office of Education #26's grant activity, such as posting grant receivables and unearned revenue.
- A loan of cash between two general fund accounts was recorded as an expenditure in the Interest Fund and as a revenue in the Online Payment Fund.

Plan:

The Regional Office of Education #26 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

The Regional Office of Education #26 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that its employees possess the knowledge required to compile the necessary GAAP-based financial statements. The organization will also research the possibility of having another accounting company prepare our financial statements independent of the auditors.

Anticipated Date of Completion:

Undetermined

Contact Person Responsible for Corrective Action:

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

**Finding No. 2013-002 – Inadequate Internal Control Procedures (Partial repeat
from Finding No. 12-02)**

Condition:

During the audit we noted the following weaknesses in the Regional Office's internal control system for which there were no mitigating controls:

- A. We noted a bank account where there was inadequate segregation of duties over the bank reconciliation process. The same individual who prepares the bank reconciliations for this account also opens the bank statements when received in the mail. In addition, there was no documented review of the related bank reconciliations by management or an individual independent of the reconciliation and general ledger process.
- B. We noted several instances where administrative costs and the associated reimbursing transfer of cash were recorded as revenues and expenditures in both the special revenue fund that incurred the cost and in a general fund from which expenses were paid, resulting in double-booking of revenues and expenditures.
- C. During our testing, we noted capital asset additions in the amount of \$11,511 which were not included on the Regional Office's asset listing.
- D. There is not adequate documentation of inventory counting procedures by the employees of the Western Area Purchasing Co-op when inventory is received, segregated for delivery to Co-op members, and delivered to the Co-op members.
- E. We noted one instance where a member of management did not review or approve the payroll report.
- F. We noted two instances where the bank reconciliation did not agree to the general ledger cash balance. In the case of the Administrators Roundtable Fund, two months of activity in the fund were not recorded in the accounting system. In the case of the Fingerprinting Fund, the opening balance was not correctly recorded and an outstanding disbursement check was not recorded in the accounting system.
- G. Revenue of \$6,145 in the Education for Homeless Children and Youth grant that remained unspent at the end of the final grant period in the Adult Learning Resource Center Fund was not recorded as due back to the grantors.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Finding No. 2013-002 – Inadequate Internal Control Procedures (Partial repeat from Finding No. 12-02) (Continued)

H. The disbursements for the Fingerprinting Fund are not subject to the Regional Office's established internal control procedures over disbursements. In addition, this Fund included credit card payment receipts from three additional special revenue funds that were not transferred to and recorded in the appropriate funds.

Plan:

- A. An individual independent of the bank reconciliation process will receive the unopened bank statements to review prior to the reconciliation preparation. In addition, an individual independent of the reconciliation process will review the bank reconciliations for all bank accounts to ensure that the reconciliation is completed in a timely manner and that the reconciled balance agrees to the general ledger. The bank reconciliation will be initialed and dated by both the preparer and the reviewer.
- B. Administrative costs will be recorded in an internal service fund.
- C. The Regional Office will establish procedures to ensure their capital asset listing is maintained in accordance with the Regional Office's capital asset policy.
- D. To provide documentation of the Regional Office's internal controls over inventory, the Western Area Purchasing Co-op employees will document who performed the inventory count and the date each count was completed when inventory is received, sorted for Co-op members, and delivered to Co-op members. This information will be documented on the packing slips, Co-op member's order forms, and delivery forms respectively.
- E. A member of management will review and approve all payroll disbursements prior to their being paid.
- F. All activity in all funds will be timely recorded in the accounting system. Reconciled bank balances will be reviewed to ensure they agree with the general ledger. The existing Administrator's Round Table account has been closed and all Administrator's Round Table activity will go through the general ledger.
- G. Absent an extension or permission from the grantor to carry unspent funding forward to the next grant period, any unspent grant funds at the end of the grant period will be returned to the grantor or recorded as due to the grantor.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Finding No. 2013-002 – Inadequate Internal Control Procedures (Partial repeat from Finding No. 12-02) (Concluded)

H. All disbursements of the Regional Office will follow the established internal control procedures governing support, review and approval of disbursements. Receipts of restricted funding for other special revenue funds will be recorded in the appropriate fund. We have repurposed this account and will dispense funds to the appropriate line.

Anticipated Date of Completion:

November 30, 2013

Contact Person Responsible for Corrective Action:

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Finding No. 2013-003 – Inadequate Internal Controls over Expenditures

Condition:

- A. In 4 out of 17 (24%) credit card statements examined, original receipts were not attached and reconciled to the statements; 1 of the statements included costs that were charged to the Special Education - Grants for Infants and Families grant (CFDA 84.181). In addition, there was no indication of management's approval of the expenditure or authorization for payment of the charges on one of the statements.
- B. Most journal entries were not supported by documentation, and none had evidence of review by someone independent of the general ledger process. Five journal entries affecting costs charged to the Special Education - Grants for Infants and Families grant (CFDA 84.181) had adequate support but were lacking evidence of independent review.
- C. Original supporting documentation for two expenditures charged to the Special Education - Grant for Infants and Families grant (CFDA 84.181) could not be located. One expenditure charged to the Fund for the Improvement of Education grant (CFDA 84.215X) lacked supporting documentation indicating review by someone independent of the general ledger process.

Plan:

- A. All original credit card receipts will be reviewed, approved, and reconciled to credit card statements prior to the credit card statement being paid.
- B. All journal entries will be accompanied by supporting documentation and have documented review and approval by someone independent of the general ledger processes.
- C. Supporting documentation for all transactions will be maintained in such a way that it can be timely located in the event of any questions or disputes from vendors, grantors, clients, or auditors about their occurrence, amount, classification, timing, or obligations.

Anticipated Date of Completion:

November 30, 2013

Contact Person Responsible for Corrective Action:

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Finding No. 2013-004 – Compliance with Reporting Requirements

Condition:

The actual expenditures reported on the final grant performance report for this grant award did not agree to the Regional Office's accounting records.

Plan:

Grant reports that disclose financial information will be prepared using current and accurate financial data based on reports obtained from the Regional Office's accounting system. The final grant performance report will be amended to reflect accurate expenditures by line item and in total and be resubmitted to the granting agency.

Anticipated Date of Completion:

December 31, 2013

Contact Person Responsible for Corrective Action:

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
12-01	Controls over Financial Statement Preparation	Repeated as Finding 2013-001
12-02	Inadequate Internal Control Procedures	Repeated as Finding 2013-002

MANAGEMENT'S DISCUSSION AND ANALYSIS

HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

The Hancock/McDonough Regional Office of Education #26 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information with the Regional Office of Education #26's financial statements, which follow.

2013 Financial Highlights

General Fund revenues increased from \$784,888 in fiscal year 2012 (FY12) to \$821,735 in fiscal year 2013 (FY13). The General Fund expenditures increased from \$666,408 in FY12 to \$850,360 in FY13. The Regional Office experienced a decrease in the General Fund balance from \$816,636 at the end of FY12 to a General Fund balance of \$791,681 at the end of FY13.

The Special Revenue Funds revenue decreased by \$465,313 from \$2,729,987 in FY12 to \$2,264,674 in FY13. Their expenditures decreased by \$384,528 from \$2,706,718 in FY12 to \$2,322,190 in FY13. These decreases are due to the decreased funds in current grants and the elimination of other grant funds.

Using This Annual Report

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office of Education #26 as a whole and present an overall view of the Office'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 the Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary information further explains and supports the financial statements with a comparison of the Office's detailed information for each category of funds and also provides detailed information about the nonmajor funds.

Reporting the Regional Office of Education #26 as a Whole

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #26 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Regional Office of Education #26'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.

HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Reporting the Regional Office of Education #26 as a Whole (Concluded)

The two government-wide statements report the Office's net position and how it has changed. Net position—the difference between the assets and liabilities—is one way to measure the Office's health.

- Over time, increases or decreases in the net position can be an indicator of whether the financial position is improving or deteriorating, respectively.
- To assess the Office's overall health, additional nonfinancial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which 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 #26 established other funds to control and manage money for particular purposes.

- 1) Governmental funds account for a majority 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 balance left at year end that is 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 and the Special Revenue Funds.

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

- 2) Proprietary funds account for services for which the Regional Office of Education #26 charges fees under a cost-reimbursement method. These fees cover the costs of certain services and workshops it provides.

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

- 3) Fiduciary funds account for assets for which the Regional Office of Education #26 acts as fiscal agent for individuals and private or governmental organizations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Position.

A summary reconciliation between the government-wide financial statements and the governmental fund financial statements is included after each governmental fund financial statement.

**HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office of Education #26's net position decreased by \$236,400 from \$1,045,870 in FY12 to \$809,470 in FY13. This decrease occurred primarily in the Proprietary Funds, as discussed below.

Net position related to the Education Fund and the Nonmajor Special Revenue Funds is considered restricted for educational purposes.

The analysis that follows provides a summary of the Office's net position at June 30, 2013 and 2012.

**CONDENSED STATEMENT OF NET POSITION
June 30, 2013 and 2012**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
ASSETS						
Current Assets	\$ 1,160,602	\$ 1,029,249	\$ 342,362	\$ 334,338	\$ 1,502,964	\$ 1,363,587
Noncurrent Assets						
Capital assets, net of depreciation	76,848	85,408	41,543	45,021	118,391	130,429
TOTAL ASSETS	1,237,450	1,114,657	383,905	379,359	1,621,355	1,494,016
LIABILITIES						
Current Liabilities	306,650	142,640	505,235	305,506	811,885	448,146
TOTAL LIABILITIES	306,650	142,640	505,235	305,506	811,885	448,146
NET POSITION						
Invested in capital assets, net of related debt	76,848	85,408	41,543	45,021	118,391	130,429
Restricted for educational purposes	62,271	69,973	-	-	62,271	69,973
Unrestricted	791,681	816,636	(162,873)	28,832	628,808	845,468
TOTAL NET POSITION	\$ 930,800	\$ 972,017	\$ (121,330)	\$ 73,853	\$ 809,470	\$ 1,045,870

**HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Government-Wide Financial Analysis (Concluded)

CHANGES IN NET POSITION

For the Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Operating grants & contributions	\$ 2,294,274	\$ 2,675,714	\$ -	\$ -	\$ 2,294,274	\$ 2,675,714
Charges for services	-	-	663,403	1,057,633	663,403	1,057,633
General revenues:						
Local sources	275,250	285,436	-	-	275,250	285,436
State sources	184,565	217,877	-	-	184,565	217,877
On-behalf payments	383,703	333,624	-	-	383,703	333,624
Loss on disposal of capital assets	-	(4,182)	-	-	-	(4,182)
Transfers	1,000	10,364	(1,000)	(10,364)	-	-
Investment income	1,101	2,330	-	-	1,101	2,330
Total Revenues	<u>3,139,893</u>	<u>3,521,163</u>	<u>662,403</u>	<u>1,047,269</u>	<u>3,802,296</u>	<u>4,568,432</u>
Expenses:						
Salaries & benefits	1,689,767	1,865,092	38,203	33,631	1,727,970	1,898,723
Purchased services	758,199	813,964	52,102	43,213	810,301	857,177
Supplies and materials	39,504	104,514	762,406	967,122	801,910	1,071,636
Miscellaneous	-	-	-	-	-	-
Depreciation	27,791	36,253	4,875	4,844	32,666	41,097
Other objects	-	4,957	-	-	-	4,957
Payments to other governments	282,146	181,941	-	-	282,146	181,941
On-behalf payments	383,703	333,624	-	-	383,703	333,624
Total Expenses	<u>3,181,110</u>	<u>3,340,345</u>	<u>857,586</u>	<u>1,048,810</u>	<u>4,038,696</u>	<u>4,389,155</u>
Change in net position	(41,217)	180,818	(195,183)	(1,541)	(236,400)	179,277
Net position - Beginning	<u>972,017</u>	<u>791,199</u>	<u>73,853</u>	<u>75,394</u>	<u>1,045,870</u>	<u>866,593</u>
Net position - Ending	<u>\$ 930,800</u>	<u>\$ 972,017</u>	<u>\$ (121,330)</u>	<u>\$ 73,853</u>	<u>\$ 809,470</u>	<u>\$ 1,045,870</u>

**HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Governmental Activities

For FY13, revenues for governmental activities were \$3,139,893 and expenses were \$3,181,110. Revenues and expenses both were down from FY12.

Business-Type Activities

Combined revenue and expense for the Regional Office of Education #26's business-type activities decreased net position by \$195,183. This decrease was primarily due to differences in the timing of inventory delivery and customer billings in the Western Area Purchasing Co-op: \$192,058 of inventory on hand was owed to customers at the end of FY13 versus only \$53,028 in FY12, whereas accounts receivable was only \$119,692 in FY13 versus \$252,478 in FY12.

Financial Analysis of the Regional Office of Education #26 Funds

As previously noted, the ROE #26 uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The Regional Office's governmental funds report combined fund balances of \$802,569 in FY13 and \$886,609 in FY12, a decrease of \$84,040 (9%). The Regional Office's proprietary funds' net position was \$(121,330) in FY13 and \$73,853 in FY12, a decrease of \$195,183 (264%).

Governmental Fund Highlights

Revenues for governmental funds were \$3,086,409 and expenditures were \$3,172,550 in FY13. Both decreased from FY12, primarily due to decreases in state funding.

- The number of dollars coming from the State of Illinois to the Regional Office of Education #26 for staff development programs has continued to decrease, impacting the number of programs that can be offered.
- The timeliness of payments from the State of Illinois to the Regional Office of Education #26 was deplorable as it was extremely late. This resulted in serious cash flow issues.
- The state aid accrued to the Regional Office of Education Safe School/Alternative School Programs has diminished due to the State prorating the reduced amount of State Aid payments in FY13.
- County support for the Regional Office of Education #26 decreased from \$106,963 in FY12 to \$85,079 in FY13.

Proprietary Fund Highlights

Revenues for proprietary funds were \$663,403 and expenses were \$857,586 in FY13. Both decreased from FY12, primarily due to decreased activity in the Western Area Purchasing Co-op.

**HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Budgetary Highlights

The Office annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles when required by the granting agency. The Illinois State Board of Education reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education for final approval. The budget may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education. Schedules showing the budget amounts compared to the Office's actual financial activity are included in supplementary information of this report.

Capital Assets

The value of capital assets decreased during FY13 due to depreciation expense exceeding new asset additions. New asset additions totaled \$20,628 in FY13, and depreciation expense totaled \$32,666.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office of Education #26 was aware of several existing circumstances that could affect its financial condition in the future:

- The State of Illinois passed Public Act 97-0703 to reduce the number of Regional Offices of Education by nine. The Regional Office of Education #26 was on the list of Regional Offices recommended to be realigned. The Regional Offices of Education #26 and #22, also on the realignment list, agreed to merge, and the affected counties passed resolutions to permit the merger. This consolidation will take effect July 1, 2015. The financial effect of these realignments will not take effect until FY16.
- With the State of Illinois in the midst of an unprecedented financial crisis, the status of grant funding for the upcoming fiscal year is bleak at best. We are anticipating drastic cuts for many of our programs or the elimination of them.
- The County Boards of Hancock and McDonough Counties have increased their funding slightly to our office.
- The Child and Family Connections # 13 Grant anticipates a decrease in funding which may require layoffs in that program.
- The Regional Office of Education is required to maintain a high level of liability insurance, which increases in cost yearly.
- As costs for consumers rise (energy, maintenance, etc.), there will be increasing demands for employees to have raises that match or exceed past practices. These will be difficult to honor as both counties encompassed by Regional Office of Education #26 are burdened with considerable financial challenges.

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 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 #26, 130 South Lafayette Street, Suite 200, Macomb, IL 61455.

BASIC FINANCIAL STATEMENTS

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 730,694	\$ 31,076	\$ 761,770
Due (to) from other funds	464	(464)	-
Due from other governments:			
Local	42,515	119,692	162,207
State	103,528	-	103,528
Federal	283,401	-	283,401
Inventory	-	192,058	192,058
Total Current Assets	<u>1,160,602</u>	<u>342,362</u>	<u>1,502,964</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	76,848	41,543	118,391
Total Noncurrent Assets	<u>76,848</u>	<u>41,543</u>	<u>118,391</u>
TOTAL ASSETS	<u>1,237,450</u>	<u>383,905</u>	<u>1,621,355</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	178,907	313,177	492,084
Due to other governments:			
Local	59,590	192,058	251,648
State	1,601	-	1,601
Federal	6,145	-	6,145
Unearned revenue	60,407	-	60,407
TOTAL LIABILITIES	<u>306,650</u>	<u>505,235</u>	<u>811,885</u>
NET POSITION			
Invested in capital assets	76,848	41,543	118,391
Restricted for educational purposes	62,271	-	62,271
Unrestricted	791,681	(162,873)	628,808
TOTAL NET POSITION	<u>\$ 930,800</u>	<u>\$ (121,330)</u>	<u>\$ 809,470</u>

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

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 1,689,767	\$ -	\$ 1,380,544	\$ (309,223)	\$ -	\$ (309,223)
Purchased services	758,199	-	580,266	(177,933)	-	(177,933)
Supplies and materials	39,504	-	32,087	(7,417)	-	(7,417)
Depreciation expense	27,791	-	-	(27,791)	-	(27,791)
Capital outlay	-	-	19,231	19,231	-	19,231
Payments to other governments	282,146	-	282,146	-	-	-
Administrative:						
On-behalf payments - State	383,703	-	-	(383,703)	-	(383,703)
Total Governmental Activities	<u>3,181,110</u>	<u>-</u>	<u>2,294,274</u>	<u>(886,836)</u>	<u>-</u>	<u>(886,836)</u>
Business-Type Activities:						
Fees for services	857,586	663,403	-	-	(194,183)	(194,183)
Total Business-Type Activities	<u>857,586</u>	<u>663,403</u>	<u>-</u>	<u>-</u>	<u>(194,183)</u>	<u>(194,183)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,038,696</u>	<u>\$ 663,403</u>	<u>\$ 2,294,274</u>	<u>(886,836)</u>	<u>(194,183)</u>	<u>(1,081,019)</u>
GENERAL REVENUES:						
Local sources				275,250	-	275,250
State sources				184,565	-	184,565
On-behalf payments - State				383,703	-	383,703
Transfers				1,000	(1,000)	-
Investment income				1,101	-	1,101
Total general revenues after transfers				<u>845,619</u>	<u>(1,000)</u>	<u>844,619</u>
CHANGE IN NET POSITION				(41,217)	(195,183)	(236,400)
NET POSITION - BEGINNING				972,017	73,853	1,045,870
NET POSITION - ENDING				<u>\$ 930,800</u>	<u>\$ (121,330)</u>	<u>\$ 809,470</u>

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

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Education Fund	Nonmajor Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 493,345	\$ 186,224	\$ 51,125	\$ -	\$ 730,694
Due from other funds	386,278	-	-	(385,814)	464
Due from other governments:					
Local	42,515	-	-	-	42,515
State	-	103,528	-	-	103,528
Federal	-	283,401	-	-	283,401
TOTAL ASSETS	<u>\$ 922,138</u>	<u>\$ 573,153</u>	<u>\$ 51,125</u>	<u>\$ (385,814)</u>	<u>\$ 1,160,602</u>
LIABILITIES					
Accounts payable	\$ 24,842	\$ 154,065	\$ -	\$ -	\$ 178,907
Due to other funds	105,615	279,967	232	(385,814)	-
Due to other governments:					
Local	-	59,590	-	-	59,590
State	-	1,601	-	-	1,601
Federal	-	6,145	-	-	6,145
Unearned revenue	-	111,790	-	-	111,790
Total Liabilities	<u>130,457</u>	<u>613,158</u>	<u>232</u>	<u>(385,814)</u>	<u>358,033</u>
FUND BALANCE					
Restricted	-	11,378	51,027	-	62,405
Unassigned	791,681	(51,383)	(134)	-	740,164
Total Fund Balance	<u>791,681</u>	<u>(40,005)</u>	<u>50,893</u>	<u>-</u>	<u>802,569</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 922,138</u>	<u>\$ 573,153</u>	<u>\$ 51,125</u>	<u>\$ (385,814)</u>	<u>\$ 1,160,602</u>

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

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 GOVERNMENTAL FUNDS
 JUNE 30, 2013

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS	\$ 802,569
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,848
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Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are deferred in the governmental funds. FY13 revenue deferred	51,383
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 930,800
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The notes to the financial statements are an integral part of this statement.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Education Fund	Nonmajor Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 215,944	\$ 30,029	\$ 29,277	\$ -	\$ 275,250
State sources	207,897	1,454,449	764	-	1,663,110
On-behalf payments - State	383,703	-	-	-	383,703
Federal sources	14,191	750,155	-	-	764,346
Total Revenues	<u>821,735</u>	<u>2,234,633</u>	<u>30,041</u>	<u>-</u>	<u>3,086,409</u>
EXPENDITURES					
Instructional Services:					
Salaries and benefits	301,234	1,380,544	7,989	-	1,689,767
Purchased services	150,244	580,266	27,689	-	758,199
Supplies and materials	7,134	32,087	283	-	39,504
Payments to other governments	-	282,146	-	-	282,146
On-behalf payments	383,703	-	-	-	383,703
Capital outlay	8,045	11,186	-	-	19,231
Total Expenditures	<u>850,360</u>	<u>2,286,229</u>	<u>35,961</u>	<u>-</u>	<u>3,172,550</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(28,625)</u>	<u>(51,596)</u>	<u>(5,920)</u>	<u>-</u>	<u>(86,141)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	14,464	26	-	(13,490)	1,000
Transfers out	(11,886)	(1,604)	-	13,490	-
Interest	1,092	-	9	-	1,101
Total Other Financing Sources (Uses)	<u>3,670</u>	<u>(1,578)</u>	<u>9</u>	<u>-</u>	<u>2,101</u>
NET CHANGE IN FUND BALANCE	<u>(24,955)</u>	<u>(53,174)</u>	<u>(5,911)</u>	<u>-</u>	<u>(84,040)</u>
FUND BALANCE - BEGINNING	<u>816,636</u>	<u>13,169</u>	<u>56,804</u>	<u>-</u>	<u>886,609</u>
FUND BALANCE - ENDING	<u>\$ 791,681</u>	<u>\$ (40,005)</u>	<u>\$ 50,893</u>	<u>\$ -</u>	<u>\$ 802,569</u>

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

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ (84,040)

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

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

Capital outlay	\$ 19,231	
Depreciation expense	(27,791)	(8,560)

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

FY13 revenue deferred	51,383	
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (41,217)

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		
	Western Area		
	Purchasing Co-op	Nonmajor Enterprise Funds	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 12,578	\$ 18,498	\$ 31,076
Due from other governments:			
Local	119,692	-	119,692
Inventory	192,058	-	192,058
Total current assets	<u>324,328</u>	<u>18,498</u>	<u>342,826</u>
Noncurrent assets:			
Capital assets, being depreciated, net	35,000	6,543	41,543
Total noncurrent assets	<u>35,000</u>	<u>6,543</u>	<u>41,543</u>
TOTAL ASSETS	<u>359,328</u>	<u>25,041</u>	<u>384,369</u>
LIABILITIES			
Due to other funds	464	-	464
Due to other governments	192,058	-	192,058
Accounts payable	310,515	2,662	313,177
Total current liabilities	<u>503,037</u>	<u>2,662</u>	<u>505,699</u>
TOTAL LIABILITIES	<u>503,037</u>	<u>2,662</u>	<u>505,699</u>
NET POSITION			
Invested in capital assets	35,000	6,543	41,543
Unrestricted	(178,709)	15,836	(162,873)
TOTAL NET POSITION	<u>\$ (143,709)</u>	<u>\$ 22,379</u>	<u>\$ (121,330)</u>

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

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		Total
	Western Area Purchasing Co-op	Nonmajor Enterprise Funds	
OPERATING REVENUES			
Fees for services	\$ 618,536	\$ 44,867	\$ 663,403
Total Operating Revenues	<u>618,536</u>	<u>44,867</u>	<u>663,403</u>
OPERATING EXPENSES			
Salaries and benefits	38,203	-	38,203
Purchased services	13,814	38,288	52,102
Supplies and materials	761,202	1,204	762,406
Depreciation	2,429	2,446	4,875
Total Operating Expenses	<u>815,648</u>	<u>41,938</u>	<u>857,586</u>
OPERATING INCOME (LOSS)	<u>(197,112)</u>	<u>2,929</u>	<u>(194,183)</u>
NONOPERATING REVENUE			
Transfer out	(1,000)	-	(1,000)
Total Nonoperating Revenue	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
CHANGE IN NET POSITION	(198,112)	2,929	(195,183)
TOTAL NET POSITION - BEGINNING	<u>54,403</u>	<u>19,450</u>	<u>73,853</u>
TOTAL NET POSITION - ENDING	<u>\$ (143,709)</u>	<u>\$ 22,379</u>	<u>\$ (121,330)</u>

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

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		Totals
	Western Area Purchasing Co-op	Nonmajor Enterprise Funds	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 751,322	\$ 44,867	\$ 796,189
Payments to suppliers and providers of goods and services	(716,515)	(36,830)	(753,345)
Payments to employees	(38,203)	-	(38,203)
Net Cash Provided by (Used for) Operating Activities	<u>(3,396)</u>	<u>8,037</u>	<u>4,641</u>
Cash Flows from Noncapital Financing Activities:			
Payments for interfund borrowing, net	(1,000)	-	(1,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
Cash Flows from Investing Activities:			
Acquisition of capital assets	-	(1,397)	(1,397)
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>(1,397)</u>	<u>(1,397)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,396)	6,640	2,244
Cash and cash equivalents - Beginning	<u>16,974</u>	<u>11,858</u>	<u>28,832</u>
Cash and cash equivalents - Ending	<u>\$ 12,578</u>	<u>\$ 18,498</u>	<u>\$ 31,076</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (197,112)	\$ 2,929	\$ (194,183)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	2,429	2,446	4,875
(Increase)/decrease in assets:			
Decrease in due from other governments	132,786	-	132,786
Increase in inventory	(139,030)	-	(139,030)
Increase/(decrease) in liabilities:			
Increase in accounts payable	58,037	2,662	60,699
Increase in due to other funds	464	-	464
Increase in due to other governments	139,030	-	139,030
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,396)</u>	<u>\$ 8,037</u>	<u>\$ 4,641</u>

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

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 25,701
Due from other governments	<u>1,183,822</u>
TOTAL ASSETS	<u>\$ 1,209,523</u>
LIABILITIES	
Due to other governments	<u>\$ 1,209,523</u>
TOTAL LIABILITIES	<u>\$ 1,209,523</u>

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

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hancock/McDonough Counties Regional Office of Education #26 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2013, the Regional Office of Education #26 implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Regional Office of Education #26 implemented these standards during the current year; however, GASB Statement No. 60 and GASB Statement No. 61 had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflow of resources.

A. DATE OF MANAGEMENT’S REVIEW

The Regional Office of Education #26 has evaluated subsequent events through January 23, 2014, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers institutes as well as aiding and encouraging the formation of other teachers’ meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent’s office; and filing and keeping the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #26’s districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers’ bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts within his or her region are properly bonded.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

The Regional Superintendent is also responsible for apportionment and payment of funds received from the state for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2013, the Regional Office of Education #26 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 Hancock/McDonough Counties Regional Office of Education #26. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #26 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #26 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #26, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #26 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 blended component units described below are included in the Regional Office of Education #26's reporting entity because of the significance of their operational or financial relationships with the Regional Office of Education #26.

Western Area Purchasing Co-op is a joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the co-op, which accumulates the orders and purchases large quantities for distribution to the districts. The purchasing co-op is a discretionary activity fund.

Video Co-op is a joint agreement administered by the Regional Office of Education #26, which maintains an inventory of videocassette tapes. The tapes and tape players are available for check-out by each of the school districts serviced by Regional Office of Education #26. The Video Co-op is a discretionary activity fund.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

Other districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of manifesting of oversight, scope of public service, and special financing relationships and are therefore excluded from the accompanying financial statements because the Regional Office of Education #26 does not control their assets, operations, or management. In addition, the Regional Office of Education #26 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #26 being considered a component unit of any other entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #26's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Regional Office of Education #26 has four business-type activities that rely on fees and charges for support.

The Regional Office of Education #26's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education #26 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #26'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, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, activities between governmental funds have been eliminated; however, 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.

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

Revenues received after the Regional Office's availability period are reported as deferred revenue in the fund statements and are reported as current revenue in the Statement of Activities.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as 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. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental funds financial statements focus on the measurement of spending, or “financial flow,” and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. 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 Regional Office of Education #26; 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.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Under the terms of grant agreements, the Regional Office of Education #26 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #26's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #26 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #26 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #26 has presented all major funds that met the above qualifications. The Regional Office of Education #26 reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources that benefit all school districts in the Region except for those required to be accounted and reported for in other funds. The General Fund accounts include the following:

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

County – Used to account for funds provided by the Boards of Hancock and McDonough Counties for general office operation and maintenance.

Office Administration – Accounts for indirect costs of operating programs.

Regional Programs – Accounts for the cost of operating certain programs not paid for through special revenues or County funds.

Directory – Funded by contributions from local school districts to prepare a regional directory.

Interest – Used to account for interest earned on the Distributive Fund for the mutual benefit of each school district in Hancock and McDonough Counties.

Hancock McDonough Alternative Schools – Used to account for State revenues and expenditures paid to provide an alternative education program in Hancock and McDonough Counties.

Apex – Used to account for local fees associated with the Regional Office’s Apex project, which provides Hancock McDonough Alternative Schools students with access to online curricula.

Online Clearing – Accounts for revenue from online payments for the Institute, GED, Bus Driver, and other special revenue funds using the new State online payment system.

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:

Adult Learning Resource Center – Used to account for the Regional Office’s subcontract with Schaumburg CUSD #54’s McKinney Education for Homeless Grant.

American Recovery and Reinvestment (ARRA) Education Jobs – Accounts for the federal funding provided to LEAs to save or create education jobs for school year 2012-2013.

Child and Family Connections (Special Education—Grants for Infants and Families) – Used to account for a contractual agreement with the Illinois Department of Human Services to provide a caseworker for the purpose of monitoring teen parents receiving Aid to Dependent Children.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Early Childhood and Early Childhood Block Grants – Used to account for State grant proceeds for the Early Childhood Education Block Grants.

Family Literacy – Used to account for assistance provided to reading programs.

Hearing/Vision Screening – Used to account for a hearing screenings program funded through the Illinois Department of Public Aid.

Local Donations – Used to account for donations given to assist the McKinney Education for Homeless Children Grant and the Child and Family Connections Grant.

McKinney Education for Homeless Children – Used to account for the McKinney Education for Homeless Children Grant, a program to facilitate the enrollment, attendance, and success of homeless youths in school.

Pioneer Grant – Used to promote mathematics and science in the Macomb area.

Regional Safe Schools – Used to account for an alternative schools program of centralized instructional programs for students with specialized needs.

Regional System Provider/Federal System – Used to account for federal revenues to support a regionalized system of support to assist schools in academic difficulty.

ROE Technology Maintenance – Used to account for revenues and expenditures of the ISBE Technology Maintenance grant program.

Teaching American History (Fund for the Improvement of Education Grant) – Used to account for federal grant proceeds received by the Regional Office's project to conduct nationally significant programs to improve the quality of education, assist all students to meet challenging State content standards, and contribute to the achievement of elementary and secondary students.

Teaching Math – Used for administrative support for the Professional Development Institute for Mathematics Teaching.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

Teen Court Donations – Used to account for donations received for the completion of a handicapped-accessible deck located in the Teen Court Community Garden.

Teen Court Fines – Used to account for donations from fines in McDonough County to support a program in which teens participate in community service held in the Teen Court Community Garden.

Title II – Teacher Leadership – This program accounts for the purchasing of evaluation training for teachers and evaluator training for principals through Growth Through Learning Illinois.

Title II – Teacher Quality – Used to account for funding to increase student achievement by elevating teacher and principal quality through recruitment, hiring, and retention strategies and to hold local education agencies and schools accountable for improvements in student academic achievement.

Title IV – Safe and Drug Free Formula – Used to account for a regional, multi-district program on drug and alcohol abuser education and prevention for students throughout all grade levels (pre-K through 12).

Truants Alternative Optional Education – Used to account for State grant revenues and expenditures to provide tutoring services and to encourage students to stay in school.

Truants Alternative Optional Education Program Training – Used to account for State grant proceeds expended to train individuals in Truants Alternative Education.

United Way – Used to account for funding from local United Way for child birth classes and materials.

WC4 (ROE/ISC Operations) – Used to develop and implement a regional improvement plan.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

The Regional Office of Education #26 reports the following nonmajor governmental funds:

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

General Education Development (GED) – Used to account for fees and expenditures incidental to administering the high school equivalency testing program.

Bus Driver Training – Used to account for fees and expenditures incidental to conducting courses of instruction for school bus drivers pursuant to the standards established by the Illinois Secretary of State.

Institute – Used to account for examination, registration, and renewal fees and to defray expenses incidental to teachers' institutes, workshops and professional meetings.

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenue and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #26 reports the following major proprietary fund:

Western Area Purchasing Co-op – A joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the Co-op, which accumulates the orders and purchases large quantities for distribution to the districts. As noted previously, the purchasing Co-op is a discretionary activity fund.

The Regional Office of Education #26 reports the following nonmajor proprietary funds:

Workshop Fund – Accounts for all activity for workshops managed by the Regional Office.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

PROPRIETARY FUNDS (Concluded)

Video Co-op – A joint agreement administered by the Regional Office, which maintains an inventory of videocassette tapes. The tapes and tape players are available for check-out by each of the school districts serviced by the Regional Office of Education #26. As noted previously, the Video Co-op is a discretionary activity fund.

Fingerprinting Fund – Accounts for the activity for fingerprinting services.

FIDUCIARY FUNDS

Agency Funds – Fiduciary funds account for assets held by the Regional Office of Education #26 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Administrators Roundtable – This fund accounts for the activities of a group of area educational administrators partnering with Western Illinois University’s Education Leadership Department. Monies are used to enhance district resources by providing an opportunity for administrators to receive and discuss information related to significant issues in the State and Region.

Area III Superintendents – Accounts for collective activities of all the Area III regional superintendents. Membership fees are used to provide meetings and seminars for disseminating current information on administration issues.

Hancock County Principals – Accounts for collective activities of all the Hancock County school principals. Fees are used to provide meetings and seminars for disseminating current information on administration issues.

Regional Board of School Trustees Fund – Accounts for the marketing and disposal of school properties belonging to local education agencies and for expenses related to detachment petitions.

Rotary Scholarship – Accounts for the donations from the Rotary Club to give scholarships to qualifying individuals to help in the cost of GED testing.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Western Area Career System (WACS) – This system is housed within the Regional Office of Education #26's office and shares the same phone system, copier, etc. The Regional Office of Education records the WACS' phone and copier usage and appropriately charges WACS monthly for the usage.

Distributive Fund – The resources in this fund are received by and passed through the Regional Office from the State to their owners. Entities whose resources are received by and passed through the Distributive Fund include the Western Area Career System , West Central Illinois Special Ed, and the Regional Office of Education #26.

I. GOVERNMENTAL FUND BALANCES

Fund balance is the difference between assets and liabilities 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 are not available to be spent, either short term or long term, due to either their form or legal restrictions. The Regional Office of Education #26 has no nonspendable fund balances.

Restricted Fund Balance – The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following Education Fund accounts are restricted by donor restrictions or contracts: Family Literacy, Hearing/Vision Screening, Local Donations, ROE Technology Maintenance, Teen Court Donations, Title IV - Safe and Drug Free Formula, and United Way. The following funds are restricted by Illinois Statute: Bus Driver Training and Institute Funds.

Committed Fund Balance – The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #26 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #26 has no assigned fund balances.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The Regional Office of Education #26 has unassigned fund balances in the following General Fund accounts: County, Office Administration, Regional Programs, Directory, Interest, Hancock McDonough Alternative Schools, and Apex. The Regional Office of Education #26 has an unassigned fund balance in the following Education Fund account: Truants Alternative Optional Education Program Training. The Regional Office of Education #26 has an unassigned fund balance in the following nonmajor special revenue fund: General Education Development.

J. NET POSITION

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

Invested in capital assets – Consists of capital assets, net of accumulated depreciation.

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

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

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit. The Regional Office of Education #26 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. INVENTORY

Inventories are carried at the lower of cost or market, cost being determined on the first-in, first-out (FIFO) method.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. CAPITAL ASSETS

Capital assets, which include buildings, software, and furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$500 or more with a useful life 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives: software over 3 years, furniture and equipment over 5 years, and buildings over 40 years.

N. COMPENSATED ABSENCES

The eligible employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 10 days for full-time staff employed less than 5 years, 15 days for full-time staff employed between 5 and 14 years, and 20 days for full-time staff employed 15 years or more. An employee may accumulate up to the number of vacation days earned in two years before accrual ceases. On termination, any accumulated vacation is treated as unused sick leave for purposes of calculating length of service, if applicable, but is not paid. Therefore, no liability for unused vacation pay is accrued.

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

Eligible employees receive up to 12 sick days annually. A maximum of 240 days of sick leave may be accumulated by permanent full-time employees, but no payment is made for unused sick leave when a person leaves his or her position.

O. 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.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. BUDGET INFORMATION

The Regional Office of Education #26 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Comparisons of budgeted and actual results are presented as supplemental information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Child and Family Connections, Early Childhood Grant, Early Childhood Block Grant, McKinney Education for Homeless Children, Regional Safe Schools, Regional System Provider/Federal System, Teaching American History, Title II – Teacher Leadership, Title II – Teacher Quality, Truants Alternative Optional Education, Truants Alternative Optional Education Program Training, and WC4 (ROE/ISC Operations).

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Regional Office of Education #26 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 Funds.

A. DEPOSITS

At June 30, 2013, the carrying amount of the Regional Office of Education #26's government-wide and agency fund deposits were \$761,770 and \$25,701, respectively, and the bank balances were \$992,437 and \$34,018, respectively. Of the total bank balances as of June 30, 2013, \$250,618 was secured by federal depository insurance, \$760,384 was collateralized by securities pledged by the Regional Office of Education #26's financial institution on behalf of the Regional Office, and \$15,453 was invested in the Illinois Funds Money Market Fund.

B. INVESTMENTS

The Regional Office of Education #26 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. The Regional Office of Education #26's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2013, the Regional Office of Education #26 had investments with carrying value of \$15,453 in the Illinois Funds Money Market Fund.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

CREDIT RISK

At June 30, 2013, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision 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 deposits.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #26's defined benefit pension plan for Regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #26's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education #26's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 10.19 percent. The Regional Office of Education #26 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.

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost. The required contribution for calendar year 2012 was \$75,316.

A. THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Calendar Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/12	\$75,316	100%	\$0
12/31/11	93,322	100%	0
12/31/10	74,692	100%	0

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) 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 your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #26's Regular plan's unfunded actuarial accrued liability at December 31, 2010, is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 83.70 percent funded. The actuarial accrued liability for benefits was \$1,864,835 and the actuarial value of assets was \$1,560,795, resulting in an underfunded actuarial accrued liability (UAAL) of \$304,040. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$739,116 and the ratio of the UAAL to the covered payroll was 41 percent.

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

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

The Regional Office of Education #26 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.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

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

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #26’s TRS-covered employees.

On-behalf contributions. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #26. For the year ended June 30, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds and the Regional Office of Education #26 recognized revenue and expenditures of \$162,576 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$144,234) and 23.10 percent (\$130,505), respectively.

The Regional Office of Education #26 makes other types of employer contributions directly to TRS:

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2013, were \$2,617. Contributions for the years ending June 30, 2012 and June 30, 2011, were \$2,937 and \$2,214, respectively.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #26, there is a statutory requirement for the Regional Office of Education #26 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer pension contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013 salaries totaling \$63,062 were paid from federal and special trust funds that required employer contributions of \$17,689. For the years ended June 30, 2012 and June 30, 2011, required Regional Office of Education #26 contributions were \$24,047 and \$9,561, respectively.

Early Retirement Option. The Regional Office of Education #26 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 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2013, the Regional Office of Education #26 paid no contributions to TRS for employer contributions under the ERO program. For the years ended June 30, 2012 and June 30, 2011, the Regional Office of Education #26 paid no employer ERO contributions.

Salary increases over 6 percent and excess sick leave. If the Regional Office of Education #26 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Regional Office of Education #26 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 increase of up to 6 percent.

For the years ended June 30, 2013, 2012, and 2011 the Regional Office of Education #26 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

If the Regional Office of Education #26 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office 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 Regional Office of Education #26 during the four-year sick leave review period, and the TRS total normal cost rate (17.63 percent of salary during the year ended June 30, 2013).

For the years ended June 30, 2013, 2012, and 2011 the Regional Office of Education #26 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

Further information on TRS. TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for year ended June 30, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013.

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

NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

The Regional Office of Education #26 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

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

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

On-behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #26. State contributions are intended to match contributions to THIS Fund from active members which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$4,152, and the Regional Office of Education #26 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2012 and June 30, 2011 were 0.88 percent of pay, both years. State contributions on behalf of Regional Office of Education #26’s employees were \$4,456 and \$3,359, respectively.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

Employer contributions to THIS Fund. The Regional Office of Education #26 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.69 percent during the years ended June 30, 2013 and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the Regional Office of Education #26 paid \$3,114 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the Regional Office of Education #26 paid \$3,342 and \$2,519 to THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 6 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2013, consist of the following individual due to/from other funds in the Governmental Funds Balance Sheet and the Statement of Net Position – Proprietary Fund. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

	Due from Other Funds	Due to Other Funds
Governmental Funds		
Education Fund	\$ -	\$ 279,967
General Fund	386,278	105,615
General Education Development Fund	-	232
	386,278	385,814
Proprietary Funds		
Western Area Purchasing Co-op	-	464
Total	\$ 386,278	\$ 386,278

TRANSFERS

Interfund transfer in/out to other funds at June 30, 2013, consist of the following individual transfers in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Proprietary Funds 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.

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 6 – INTERFUND ACTIVITY (Concluded)

Fund	Transfer In	Transfer Out
General Fund:		
Regional Programs	\$ 14,214	\$ -
Hancock McDonough Alternative Schools	250	26
Apex	-	11,860
Education Fund:		
Child and Family Connections	-	1,604
McKinney Education for Homeless Children	26	-
Proprietary Funds:		
Western Area Purchasing Coop	-	1,000
	\$ 14,490	\$ 14,490

NOTE 7 – RISK MANAGEMENT

The Regional Office of Education #26 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #26 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 8 – OPERATING LEASES

The Regional Office of Education #26 leases classroom and office space from various parties. During the fiscal year 2013, the Regional Office of Education #26 leased classroom and office space located at 553 Main Street, Carthage, Illinois, from individuals for \$850 per month. The lease term was August 1, 2011, to July 31, 2012. The lease was renewed for the period August 1, 2012, to July 31, 2013.

The Regional Office of Education #26 also leased classrooms and office space located at 1301 North Main Street, Suite 3, Monmouth, Illinois, from Standard of Beaverdale, Inc., for \$558.23 per month. An annual inflation adjustment of 3.0% per year must be added each year beginning in 2012. The lease term began on April 1, 2011, and ends on March 31, 2013. The lease was renewed for the period April 1, 2013 through March 31, 2014.

The Regional Office of Education #26 leases office space located on 341 S. Johnson Street, Macomb, Illinois, from Gamage Appliance for \$2,500 per month. The lease term is from July 1, 2012, to June 30, 2013.

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 8 – OPERATING LEASES (Concluded)

The Regional Office of Education #26 had a lease agreement with the Macomb Public Building Commission from January 1, 2008, through December 31, 2012, for office space at 130 South Lafayette Street, Suite 200, Macomb, Illinois, for \$2,150 per month. The lease was renewed for the period January 1, 2013, through December 31, 2015.

The future minimum lease payments under operating leases are as follows:

2014	\$	25,800
2015		25,800
2016		12,900
2017		-
2018		-
2019 and thereafter		-
	<u>\$</u>	<u>64,500</u>

Total lease expense for the year ended June 30, 2013, was \$72,749.

NOTE 9 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #26 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 Regional Office’s assets consist of buildings, software, and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2013:

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 – CAPITAL ASSET ACTIVITY (Concluded)

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities:				
Software & equipment	\$ 288,342	\$ 19,231	\$ (167,630)	\$ 139,943
Governmental Activities Total Assets	288,342	19,231	(167,630)	139,943
Less Accumulated Depreciation	202,934	27,791	(167,630)	63,095
Total Accumulated Depreciation	202,934	27,791	(167,630)	63,095
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 85,408</u>	<u>\$ (8,560)</u>	<u>\$ -</u>	<u>\$ 76,848</u>
Business-type Activities:				
Building	\$ 50,000	\$ -	\$ -	\$ 50,000
Software & Equipment	35,932	1,397	(22,468)	14,861
Business-type Activities Total Assets	85,932	1,397	(22,468)	64,861
Less Accumulated Depreciation	40,911	4,875	(22,468)	23,318
Total Accumulated Depreciation	40,911	4,875	(22,468)	23,318
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ 45,021</u>	<u>\$ (3,478)</u>	<u>\$ -</u>	<u>\$ 41,543</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2013, of \$27,791 and \$4,875 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 10 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #26:

Regional Superintendent Salary	\$ 103,032
Assistant Regional Superintendents Salaries	88,341
Regional Superintendent Fringe Benefits (Includes State-paid insurance)	24,321
Assistant Regional Superintendents Fringe Benefits (Includes State-paid insurance)	1,281
TRS Pension Contributions	162,576
Teachers' Health Insurance Security (THIS) Fund Contributions	<u>4,152</u>
Total	<u>\$ 383,703</u>

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #26's General Fund, Education Fund, Proprietary Funds, and Fiduciary Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

General Fund

Local Governments \$ 42,515

Education Fund

Illinois State Board of Education 195,010

Illinois State Board of Education, passed through
local agencies 5,626

U.S. Department of Education 144,693

Department of Human Services 41,600

Proprietary Funds

Local Governments 119,692

Fiduciary Funds

Illinois State Board of Education 1,182,898

Local Governments 924

Total \$ 1,732,958

Due to Other Governments:

Education Fund

Illinois State Board of Education \$ 7,746

Local Governments 59,590

Proprietary Funds

Local Governments 192,058

Fiduciary Funds

Local Governments 1,209,523

Total \$ 1,468,917

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

The Regional Office of Education #26 participates in the Western Area School Health Benefit Plan (“Plan”) as a member of the Western Area School Association (“Association”). The Plan is a cost-sharing, multiple-employer defined-benefit postemployment health care plan that was established by certain Illinois local governmental units constituting the Association pursuant to the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1, et seq. for the benefit of certain employees (and their dependents) of the members of the Association. The Plan is funded through the Western Area School Employee Benefits Trust (“Trust”) which is also controlled by the Association. The Association, Plan, and Trust together constitute a joint insurance pool under 5 ILCS 220/6. The Association is the Plan administrator of the Plan. The MidAmerica National Bank, N.A., is the trustee of the Trust.

The Plan provides medical, dental, vision, and prescription drug benefits to employees (and their dependents) of the members of the Association. Participants may elect several different subplans with different deductibles and out-of-pocket maximums. The benefits are determined by the Association and the Plan may be amended or terminated by the Association. Some benefits are required by the Illinois Insurance Code, 215 ILCS 5/1 et seq. and the federal Public Health Code 42 USC 300gg, et seq.

Contributions to the Plan and Trust are determined by the Association board in consultation with its actuary pursuant to the terms of the Plan and Trust as allowed by the Illinois Intergovernmental Cooperation Act. Association members are required to contribute funds as assessed by the Association board in accordance with the terms of the Trust.

The following contributions are required for the Regional Office of Education #26 for the Plan year 2013-2014:

	PREMIUMS			
	<u>Single</u>	<u>Employee + 1</u>	<u>Employee + 2</u>	<u>Employee + 3/more</u>
Medical & Rx				
\$750* Deductible Plan	\$ 648	\$ 1,445	\$ 1,457	\$ 1,567
\$1,000 Deductible Plan	648	1,445	1,457	1,567
\$2,000 Deductible Plan	628	1,284	1,290	1,383
\$3,000** Deductible Plan	617	1,166	1,171	1,244
\$5,000** Deductible Plan	562	1,003	1,015	1,104
\$3,000 HSA Plan	591	1,096	1,100	1,171
*Increases to \$1,000 on January 1, 2014				
**Deductible option will be discontinued on January 1, 2014				
Dental (optional)	\$ 20	\$ 37	\$ 47	\$ 60
Vision (optional)	\$ 8	\$ 12	\$ 16	\$ 25
Basic Life Insurance & AD&D				
\$10,000 life plus AD&D	\$1.30 per employee per month			
Dependent Life Insurance				
\$5,000	\$2.98 per employee per month			
\$2,000	\$0.78 per employee per month			

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Of these contributions, the employees or former employees must pay:

- For employee Medical & RX and dental – 0% of the contributions
- For dependent and vision coverage – 100% of the contributions

The following contributions were required for the Regional Office of Education #26 for the Plan year 2012-2013:

	PREMIUMS			
	<u>Single</u>	<u>Employee + 1</u>	<u>Employee + 2</u>	<u>Employee + 3/more</u>
Medical & Rx				
The following rates include the cost for major medical and Rx card.				
\$500/\$750 Deductible Plan	\$ 612	\$ 1,407	\$ 1,422	\$ 1,540
\$1,000 Deductible Plan	591	1,292	1,303	1,401
\$2,000 Deductible Plan	572	1,149	1,155	1,237
\$3,000 Deductible Plan	562	1,081	1,085	1,153
\$5,000 Deductible Plan	511	930	941	1,023
\$3,000 HSA Plan	538	1,016	1,020	1,085
Dental (optional)	\$ 19	\$ 35	\$ 44	\$ 57
Vision (optional)	\$ 7	\$ 11	\$ 14	\$ 22
Basic Life Insurance & AD&D				
\$10,000 life plus AD&D	\$1.30 per employee per month			

Of these contributions, the employees or former employees must pay:

- For employee Medical & Rx and dental – 0% of the contributions
- For dependent and vision coverage – 100% of the contributions

The following contributions were required for the Regional Office of Education #26 for the Plan year 2011-2012:

	PREMIUMS			
	<u>Single</u>	<u>Employee + 1</u>	<u>Employee + 2</u>	<u>Employee + 3/more</u>
Medical & Rx				
The following rates include the cost for major medical and Rx card.				
\$500 Deductible Plan	\$ 592	\$ 1,343	\$ 1,358	\$ 1,476
\$1,000 Deductible Plan	572	1,233	1,243	1,337
\$2,000 Deductible Plan	554	1,096	1,102	1,180
\$3,000 Deductible Plan	544	1,030	1,035	1,100

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Concluded)

Dental (optional)	\$	18	\$	33	\$	42	\$	54
Vision (optional)	\$	6	\$	10	\$	13	\$	20
Basic Life Insurance & AD&D								
\$10,000 life plus AD&D								\$1.30 per employee per month

Of these contributions, the employees or former employees must pay:

- For employee Medical & RX and dental – 0% of the contributions
- For dependent and vision coverage – 100% of the contributions

The publicly available financial report of the Plan and Trust may be obtained by writing to:

Western Area School Association
 c/o David Thompson
 David Thompson Insurance
 120 W. Carroll Street
 Macomb, IL 61455

In addition, the Regional Office of Education #26 allows IMRF employees who retire through the Plan the option to continue to participate in the plan as required by the Illinois Compiled Statutes, with the retiree paying the full premium cost for the coverage. This has not created an implicit subsidy as defined by Governmental Accounting Standard Board (GASB) No. 45 as the Plan is considered a community rated plan. In addition, the Regional Office of Education #26 has no explicit subsidy as defined by GASB Statement No. 45.

NOTE 13 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which overexpend appropriations during the year are required to be disclosed. The following funds had fund deficits as of June 30, 2013:

<u>Fund</u>	<u>Amount</u>
Nonmajor Special Revenue Fund	
General Education Development	\$ 134
Education Fund	
McKinney Education for Homeless Children	51,383
Proprietary Fund	
Western Area Purchasing Co-op	143,709

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

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$ 1,560,795	\$ 1,864,835	\$ 304,040	83.70%	\$ 739,116	41.14%
12/31/11	1,469,764	1,799,526	329,762	81.68%	798,991	41.27%
12/31/10	1,309,837	1,403,107	93,270	93.35%	703,311	13.26%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$1,600,400.

On a market basis, the funded ratio would be 85.82%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Hancock McDonough Regional Office of Education #26. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

OTHER SUPPLEMENTAL INFORMATION

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2013

	County	Office Administration	Regional Programs	Directory	Interest	Hancock McDonough Alternative Schools	Apex	Online Clearing	TOTALS
ASSETS									
Cash and cash equivalents	\$ 36,863	\$ 1,400	\$ 62,828	\$ 7,755	\$ 44,545	\$ 241,504	\$ 97,494	\$ 956	\$ 493,345
Due from other funds	-	-	64,178	-	1,380	320,720	-	-	386,278
Due from other governments									
Local	14,252	-	-	-	-	924	26,915	424	42,515
TOTAL ASSETS	\$ 51,115	\$ 1,400	\$ 127,006	\$ 7,755	\$ 45,925	\$ 563,148	\$ 124,409	\$ 1,380	\$ 922,138
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ 16,537	\$ -	\$ -	\$ 6,895	\$ 1,410	\$ -	\$ 24,842
Due to other funds	5,184	-	64,330	-	-	34,721	-	1,380	105,615
Total Liabilities	5,184	-	80,867	-	-	41,616	1,410	1,380	130,457
FUND BALANCE									
Unassigned	45,931	1,400	46,139	7,755	45,925	521,532	122,999	-	791,681
Total Fund Balance	45,931	1,400	46,139	7,755	45,925	521,532	122,999	-	791,681
TOTAL LIABILITIES AND FUND BALANCE	\$ 51,115	\$ 1,400	\$ 127,006	\$ 7,755	\$ 45,925	\$ 563,148	\$ 124,409	\$ 1,380	\$ 922,138

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	County	Office Administration	Regional Programs	Directory	Interest	Hancock McDonough Alternative Schools	Apex	Online Clearing	TOTALS
REVENUES									
Local sources	\$ 85,079	\$ 5,000	\$ 37,868	\$ 1,000	\$ -	\$ 18,755	\$ 67,818	\$ 424	\$ 215,944
State sources	-	-	11,200	-	-	196,697	-	-	207,897
On-behalf payments - State	-	-	383,703	-	-	-	-	-	383,703
Federal sources	-	-	9,859	-	-	4,332	-	-	14,191
Total Revenues	85,079	5,000	442,630	1,000	-	219,784	67,818	424	821,735
EXPENDITURES									
Salaries and benefits	83,971	-	52,421	-	-	143,669	21,173	-	301,234
Purchased services	13,964	5,000	13,894	-	262	85,801	30,899	424	150,244
Supplies and materials	65	-	-	-	-	7,069	-	-	7,134
Capital outlay	1,462	-	-	-	-	6,583	-	-	8,045
On-behalf payments	-	-	383,703	-	-	-	-	-	383,703
Total Expenditures	99,462	5,000	450,018	-	262	243,122	52,072	424	850,360
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,383)	-	(7,388)	1,000	(262)	(23,338)	15,746	-	(28,625)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	14,214	-	-	250	-	-	14,464
Transfers out	-	-	-	-	-	(26)	(11,860)	-	(11,886)
Interest	-	-	217	-	875	-	-	-	1,092
Total Other Financing Sources (Uses)	-	-	14,431	-	875	224	(11,860)	-	3,670
NET CHANGE IN FUND BALANCE	(14,383)	-	7,043	1,000	613	(23,114)	3,886	-	(24,955)
FUND BALANCE - BEGINNING	60,314	1,400	39,096	6,755	45,312	544,646	119,113	-	816,636
FUND BALANCE - ENDING	\$ 45,931	\$ 1,400	\$ 46,139	\$ 7,755	\$ 45,925	\$ 521,532	\$ 122,999	\$ -	\$ 791,681

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	Adult Learning Resource Center	ARRA Education Jobs	Child and Family Connections	Early Childhood Grant (12-3705-00 & 13-3705-00)	Early Childhood Block Grant (12-3705-01 & 13-3705-01)
ASSETS					
Cash and cash equivalents	\$ 6,145	\$ -	\$ -	\$ 32,353	\$ 37,687
Due from other governments:					
State	-	-	41,600	29,054	-
Federal	-	-	-	-	-
TOTAL ASSETS	\$ 6,145	\$ -	\$ 41,600	\$ 61,407	\$ 37,687
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 31,505	\$ -
Due to other funds	-	-	41,600	8,940	8,940
Due to other governments:					
Local	-	-	-	20,962	-
State	-	-	-	-	-
Federal	6,145	-	-	-	-
Unearned revenue	-	-	-	-	28,747
Total Liabilities	6,145	-	41,600	61,407	37,687
FUND BALANCE					
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,145	\$ -	\$ 41,600	\$ 61,407	\$ 37,687

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	<u>Family Literacy</u>	<u>Hearing/Vision Screening</u>	<u>Local Donations</u>	<u>McKinney Education for Homeless Children</u>	<u>Pioneer Grant</u>
ASSETS					
Cash and cash equivalents	\$ 737	\$ 4,407	\$ 2,834	\$ 4	\$ 6,304
Due from other governments:					
State	-	-	-	-	-
Federal	-	-	-	133,989	-
TOTAL ASSETS	<u>\$ 737</u>	<u>\$ 4,407</u>	<u>\$ 2,834</u>	<u>\$ 133,993</u>	<u>\$ 6,304</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	232	-	95,365	-
Due to other governments:					
Local	-	-	-	38,628	-
State	-	-	-	-	-
Federal	-	-	-	-	-
Unearned revenue	-	-	-	51,383	6,304
Total Liabilities	<u>-</u>	<u>232</u>	<u>-</u>	<u>185,376</u>	<u>6,304</u>
FUND BALANCE					
Restricted	737	4,175	2,834	-	-
Unassigned	-	-	-	(51,383)	-
Total Fund Balance	<u>737</u>	<u>4,175</u>	<u>2,834</u>	<u>(51,383)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 737</u>	<u>\$ 4,407</u>	<u>\$ 2,834</u>	<u>\$ 133,993</u>	<u>\$ 6,304</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	Regional Safe Schools	Regional System Provider/ Federal System	ROE Technology Maintenance	Teaching American History	Teaching Math
ASSETS					
Cash and cash equivalents	\$ -	\$ 8,113	\$ 953	\$ -	\$ -
Due from other governments:					
State	3,850	4,307	-	-	-
Federal	-	-	-	144,693	1,319
TOTAL ASSETS	\$ 3,850	\$ 12,420	\$ 953	\$ 144,693	\$ 1,319
LIABILITIES					
Accounts payable	\$ 2,387	\$ -	\$ -	\$ 29,587	\$ -
Due to other funds	1,463	-	-	115,106	1,319
Due to other governments:					
Local	-	-	-	-	-
State	-	-	-	-	-
Federal	-	-	-	-	-
Unearned revenue	-	12,420	-	-	-
Total Liabilities	3,850	12,420	-	144,693	1,319
FUND BALANCE					
Restricted	-	-	953	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	-	-	953	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,850	\$ 12,420	\$ 953	\$ 144,693	\$ 1,319

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	<u>Teen Court Donations</u>	<u>Teen Court Fines</u>	<u>Title II - Teacher Leadership</u>	<u>Title II - Teacher Quality</u>	<u>Title IV - Safe and Drug Free Formula</u>
ASSETS					
Cash and cash equivalents	\$ 366	\$ 13,168	\$ -	\$ -	\$ 632
Due from other governments:					
State	-	-	-	-	-
Federal	-	-	3,400	-	-
TOTAL ASSETS	<u>\$ 366</u>	<u>\$ 13,168</u>	<u>\$ 3,400</u>	<u>\$ -</u>	<u>\$ 632</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	232	3,400	-	-
Due to other governments:					
Local	-	-	-	-	-
State	-	-	-	-	-
Federal	-	-	-	-	-
Unearned revenue	-	12,936	-	-	-
Total Liabilities	<u>-</u>	<u>13,168</u>	<u>3,400</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted	366	-	-	-	632
Unassigned	-	-	-	-	-
Total Fund Balance	<u>366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>632</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 366</u>	<u>\$ 13,168</u>	<u>\$ 3,400</u>	<u>\$ -</u>	<u>\$ 632</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	<u>Truants Alternative Optional Education</u>	<u>Truants Alternative Optional Education Program Training</u>	<u>United Way</u>	<u>WC4 (ROE/ISC Operations)</u>	<u>TOTALS</u>
ASSETS					
Cash and cash equivalents	\$ 6,438	\$ 62,105	\$ 1,913	\$ 2,065	\$ 186,224
Due from other governments:					
State	8,758	15,959	-	-	103,528
Federal	-	-	-	-	283,401
TOTAL ASSETS	<u>\$ 15,196</u>	<u>\$ 78,064</u>	<u>\$ 1,913</u>	<u>\$ 2,065</u>	<u>\$ 573,153</u>
LIABILITIES					
Accounts payable	\$ 15,196	\$ 75,390	\$ -	\$ -	\$ 154,065
Due to other funds	-	2,674	232	464	279,967
Due to other governments:					
Local	-	-	-	-	59,590
State	-	-	-	1,601	1,601
Federal	-	-	-	-	6,145
Unearned revenue	-	-	-	-	111,790
Total Liabilities	<u>15,196</u>	<u>78,064</u>	<u>232</u>	<u>2,065</u>	<u>613,158</u>
FUND BALANCE					
Restricted	-	-	1,681	-	11,378
Unassigned	-	-	-	-	(51,383)
Total Fund Balance	<u>-</u>	<u>-</u>	<u>1,681</u>	<u>-</u>	<u>(40,005)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 15,196</u>	<u>\$ 78,064</u>	<u>\$ 1,913</u>	<u>\$ 2,065</u>	<u>\$ 573,153</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Adult Learning Resource Center	ARRA Education Jobs	Child and Family Connections	Early Childhood Grant (12-3705-00 & 13-3705-00)	Early Childhood Block Grant (12-3705-01 & 13-3705-01)
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	404,447	381,206	268,080
Federal sources	28	325	130,279	-	-
Total Revenues	<u>28</u>	<u>325</u>	<u>534,726</u>	<u>381,206</u>	<u>268,080</u>
EXPENDITURES					
Salaries and benefits	-	325	419,728	301,098	205,641
Purchased services	28	-	105,869	16,594	45,566
Supplies and materials	-	-	7,525	10,514	7,756
Capital outlay	-	-	-	-	9,117
Payments to other governments	-	-	-	53,000	-
Total Expenditures	<u>28</u>	<u>325</u>	<u>533,122</u>	<u>381,206</u>	<u>268,080</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,604</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfer in	-	-	-	-	-
Transfer out	-	-	(1,604)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,604)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Family Literacy</u>	<u>Hearing/Vision Screening</u>	<u>Local Donations</u>	<u>McKinney Education for Homeless Children</u>	<u>Pioneer Grant</u>
REVENUES					
Local sources	\$ -	\$ 5,207	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	248,302	-
Total Revenues	<u>-</u>	<u>5,207</u>	<u>-</u>	<u>248,302</u>	<u>-</u>
EXPENDITURES					
Salaries and benefits	-	4,810	-	59,385	-
Purchased services	-	1,342	91	11,057	-
Supplies and materials	-	-	-	123	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	229,146	-
Total Expenditures	<u>-</u>	<u>6,152</u>	<u>91</u>	<u>299,711</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(945)</u>	<u>(91)</u>	<u>(51,409)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfer in	-	-	-	26	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(945)	(91)	(51,383)	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>737</u>	<u>5,120</u>	<u>2,925</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 737</u>	<u>\$ 4,175</u>	<u>\$ 2,834</u>	<u>\$ (51,383)</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Regional Safe Schools	Regional System Provider/ Federal System	ROE Technology Maintenance	Teaching American History	Teaching Math
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ 6,703	\$ -
State sources	46,255	-	-	-	-
Federal sources	-	20,794	-	342,030	4,461
Total Revenues	<u>46,255</u>	<u>20,794</u>	<u>-</u>	<u>348,733</u>	<u>4,461</u>
EXPENDITURES					
Salaries and benefits	46,255	16,052	-	98,095	4,261
Purchased services	-	4,742	559	247,105	200
Supplies and materials	-	-	-	1,464	-
Capital outlay	-	-	-	2,069	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>46,255</u>	<u>20,794</u>	<u>559</u>	<u>348,733</u>	<u>4,461</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(559)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfer in	-	-	-	-	-
Transfer out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(559)	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>1,512</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 953</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Teen Court Donations	Teen Court Fines	Title II - Teacher Leadership	Title II - Teacher Quality	Title IV - Safe and Drug Free Formula
REVENUES					
Local sources	\$ -	\$ 15,703	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	3,400	536	-
Total Revenues	<u>-</u>	<u>15,703</u>	<u>3,400</u>	<u>536</u>	<u>-</u>
EXPENDITURES					
Salaries and benefits	-	12,818	-	-	-
Purchased services	1,032	1,944	-	536	-
Supplies and materials	-	941	3,400	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>1,032</u>	<u>15,703</u>	<u>3,400</u>	<u>536</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,032)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfer in	-	-	-	-	-
Transfer out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,032)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - BEGINNING	<u>1,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>632</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Truants Alternative Optional Education	Truants Alternative Optional Education Program Training	United Way	WC4 (ROE/ISC Operations)	TOTALS
REVENUES					
Local sources	\$ -	\$ -	\$ 2,416	\$ -	\$ 30,029
State sources	96,984	237,115	-	20,362	1,454,449
Federal sources	-	-	-	-	750,155
Total Revenues	<u>96,984</u>	<u>237,115</u>	<u>2,416</u>	<u>20,362</u>	<u>2,234,633</u>
EXPENDITURES					
Salaries and benefits	96,904	99,403	1,084	14,685	1,380,544
Purchased services	80	137,364	496	5,661	580,266
Supplies and materials	-	348	-	16	32,087
Capital outlay	-	-	-	-	11,186
Payments to other governments	-	-	-	-	282,146
Total Expenditures	<u>96,984</u>	<u>237,115</u>	<u>1,580</u>	<u>20,362</u>	<u>2,286,229</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>836</u>	<u>-</u>	<u>(51,596)</u>
OTHER FINANCING SOURCES (USES):					
Transfer in	-	-	-	-	26
Transfer out	-	-	-	-	(1,604)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,578)</u>
NET CHANGE IN FUND BALANCE	-	-	836	-	(53,174)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>845</u>	<u>-</u>	<u>13,169</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,681</u>	<u>\$ -</u>	<u>\$ (40,005)</u>

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
CHILD AND FAMILY CONNECTIONS
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 550,499	\$ 550,499	\$ 404,447
Federal sources	-	-	130,279
Total Revenue	<u>550,499</u>	<u>550,499</u>	<u>534,726</u>
EXPENDITURES			
Salaries and benefits	445,172	445,172	419,728
Purchased services	104,127	104,127	105,869
Supplies and materials	1,200	1,200	7,525
Total Expenditures	<u>550,499</u>	<u>550,499</u>	<u>533,122</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,604</u>
OTHER FINANCING SOURCES (Uses)			
Transfer out	-	-	(1,604)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,604)</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
EARLY CHILDHOOD GRANT (12-3705-00)
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 357,750	\$ 357,750	\$ 31,375
Total Revenue	<u>357,750</u>	<u>357,750</u>	<u>31,375</u>
EXPENDITURES			
Salaries and benefits	298,290	298,290	26,103
Purchased services	23,615	23,615	1,404
Supplies and materials	21,045	21,045	3,868
Capital outlay	14,800	14,800	-
Total Expenditures	<u>357,750</u>	<u>357,750</u>	<u>31,375</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfer in	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE			
	-	-	-
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because only part of the grant was received and expended in the current fiscal year; the remainder was spent in the prior year.

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
EARLY CHILDHOOD GRANT (13-3705-00)
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amount
	Original	Final	
REVENUE			
State sources	\$ 328,987	\$ 381,987	\$ 349,831
Total Revenue	<u>328,987</u>	<u>381,987</u>	<u>349,831</u>
EXPENDITURES			
Salaries and benefits	302,560	302,560	274,995
Purchased services	15,221	15,221	15,190
Supplies and materials	11,206	11,206	6,646
Payments to other governments	-	53,000	53,000
Total Expenditures	<u>328,987</u>	<u>381,987</u>	<u>349,831</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
EARLY CHILDHOOD BLOCK GRANT (12-3705-01)
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 271,468	\$ 311,185	\$ 32,746
Total Revenue	<u>271,468</u>	<u>311,185</u>	<u>32,746</u>
EXPENDITURES			
Salaries and benefits	226,051	241,930	17,036
Purchased services	42,917	51,763	4,550
Supplies and materials	2,500	8,297	2,043
Capital outlay	-	9,195	9,117
Total Expenditures	<u>271,468</u>	<u>311,185</u>	<u>32,746</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2011, through August 1, 2012; only part of the grant was received and expended in the current fiscal year.

HANCOCK/MCDONOUGH
 REGIONAL OFFICE OF EDUCATION #26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 EARLY CHILDHOOD BLOCK GRANT (13-3705-01)
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amount
	Original	Final	
REVENUE			
State sources	\$ 286,166	\$ 286,166	\$ 235,334
Total Revenue	<u>286,166</u>	<u>286,166</u>	<u>235,334</u>
EXPENDITURES			
Salaries and benefits	215,169	219,359	188,605
Purchased services	61,997	56,307	41,016
Supplies and materials	9,000	10,500	5,713
Total Expenditures	<u>286,166</u>	<u>286,166</u>	<u>235,334</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MCKINNEY EDUCATION FOR HOMELESS CHILDREN (12-4920-00)
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 278,483	\$ 297,159	\$ 12,110
Total Revenue	<u>278,483</u>	<u>297,159</u>	<u>12,110</u>
EXPENDITURES			
Salaries and benefits	70,921	75,229	2,368
Purchased services	10,761	16,636	4,157
Supplies and materials	4,426	6,419	85
Payments to other governments	192,375	198,875	5,500
Total Expenditures	<u>278,483</u>	<u>297,159</u>	<u>12,110</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfer in	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2011, through September 30, 2012; only part of the grant was received and expended in the current fiscal year.

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MCKINNEY EDUCATION FOR HOMELESS CHILDREN (13-4920-00)
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 278,308	\$ 300,326	\$ 236,192
Total Revenue	<u>278,308</u>	<u>300,326</u>	<u>236,192</u>
EXPENDITURES			
Salaries and benefits	61,440	61,440	57,017
Purchased services	8,140	10,640	6,900
Supplies and materials	-	-	38
Payments to other governments	208,728	228,246	223,646
Total Expenditures	<u>278,308</u>	<u>300,326</u>	<u>287,601</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(51,409)</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	26
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>26</u>
NET CHANGE IN FUND BALANCE	-	-	(51,383)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,383)</u>

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 46,255	\$ 46,255	\$ 46,255
Total Revenue	<u>46,255</u>	<u>46,255</u>	<u>46,255</u>
EXPENDITURES			
Salaries and benefits	44,344	44,344	46,255
Purchased services	1,911	1,911	-
Total Expenditures	<u>46,255</u>	<u>46,255</u>	<u>46,255</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SYSTEM PROVIDER/FEDERAL SYSTEM
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 14,500	\$ 14,500	\$ 20,794
Total Revenue	<u>14,500</u>	<u>14,500</u>	<u>20,794</u>
EXPENDITURES			
Salaries and benefits	12,500	12,500	16,052
Purchased services	<u>2,000</u>	<u>2,000</u>	<u>4,742</u>
Total Expenditures	<u>14,500</u>	<u>14,500</u>	<u>20,794</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TEACHING AMERICAN HISTORY
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Local sources	\$ -	\$ -	\$ 6,703
Federal sources	614,888	614,888	342,030
Total Revenue	<u>614,888</u>	<u>614,888</u>	<u>348,733</u>
EXPENDITURES			
Salaries and benefits	152,674	152,674	98,095
Purchased services	457,214	457,214	247,105
Supplies and materials	5,000	5,000	1,464
Capital outlay	-	-	2,069
Total Expenditures	<u>614,888</u>	<u>614,888</u>	<u>348,733</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2011, through June 30, 2013; only part of the grant was received and expended in the current fiscal year.

HANCOCK/MCDONOUGH
 REGIONAL OFFICE OF EDUCATION #26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TITLE II - TEACHER LEADERSHIP
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 3,400	\$ 3,400	\$ 3,400
Total Revenue	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>
EXPENDITURES			
Supplies and materials	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>
Total Expenditures	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HANCOCK/MCDONOUGH
 REGIONAL OFFICE OF EDUCATION #26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TITLE II - TEACHER QUALITY
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 636	\$ 636	\$ 536
Total Revenue	<u>636</u>	<u>636</u>	<u>536</u>
EXPENDITURES			
Purchased services	536	536	536
Supplies and materials	100	100	-
Total Expenditures	<u>636</u>	<u>636</u>	<u>536</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE OPTIONAL EDUCATION (13-3695-13)
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 96,994	\$ 96,994	\$ 96,984
Total Revenue	<u>96,994</u>	<u>96,994</u>	<u>96,984</u>
EXPENDITURES			
Salaries and benefits	95,284	95,284	96,904
Purchased services	1,710	1,710	80
Total Expenditures	<u>96,994</u>	<u>96,994</u>	<u>96,984</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING (12-3695-00)
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 202,850	\$ 202,850	\$ 50,024
Total Revenue	<u>202,850</u>	<u>202,850</u>	<u>50,024</u>
EXPENDITURES			
Salaries and benefits	89,305	89,305	7,405
Purchased services	113,045	113,045	42,619
Supplies and materials	500	500	-
Total Expenditures	<u>202,850</u>	<u>202,850</u>	<u>50,024</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from September 1, 2011, through August 31, 2012; only part of the grant was received and expended in the current fiscal year.

HANCOCK/MCDONOUGH
 REGIONAL OFFICE OF EDUCATION #26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING (13-3695-11)
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 202,850	\$ 202,850	\$ 187,091
Total Revenue	<u>202,850</u>	<u>202,850</u>	<u>187,091</u>
EXPENDITURES			
Salaries and benefits	106,865	106,865	91,998
Purchased services	95,485	95,485	94,745
Supplies and materials	500	500	348
Total Expenditures	<u>202,850</u>	<u>202,850</u>	<u>187,091</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HANCOCK/MCDONOUGH
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
WC4 (ROE/ISC OPERATIONS)
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 23,959	\$ 23,959	\$ 20,362
Total Revenue	<u>23,959</u>	<u>23,959</u>	<u>20,362</u>
EXPENDITURES			
Salaries and benefits	17,095	17,095	14,685
Purchased services	5,268	5,268	5,661
Supplies and materials	596	596	16
Capital outlay	1,000	1,000	-
Total Expenditures	<u>23,959</u>	<u>23,959</u>	<u>20,362</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Institute</u>	<u>TOTALS</u>
ASSETS				
Cash and cash equivalents	\$ 98	\$ 6,838	\$ 44,189	\$ 51,125
TOTAL ASSETS	<u>\$ 98</u>	<u>\$ 6,838</u>	<u>\$ 44,189</u>	<u>\$ 51,125</u>
LIABILITIES				
Due to other funds	\$ 232	\$ -	\$ -	\$ 232
Total Liabilities	<u>232</u>	<u>-</u>	<u>-</u>	<u>232</u>
FUND BALANCE (DEFICIT)				
Restricted	-	6,838	44,189	51,027
Unassigned	<u>(134)</u>	<u>-</u>	<u>-</u>	<u>(134)</u>
Total Fund Balance (Deficit)	<u>(134)</u>	<u>6,838</u>	<u>44,189</u>	<u>50,893</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 98</u>	<u>\$ 6,838</u>	<u>\$ 44,189</u>	<u>\$ 51,125</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Education Development	Bus Driver Training	Institute	TOTALS
REVENUES				
Local sources	\$ 4,533	\$ 1,188	\$ 23,556	\$ 29,277
State sources	-	764	-	764
Total Revenues	<u>4,533</u>	<u>1,952</u>	<u>23,556</u>	<u>30,041</u>
EXPENDITURES				
Salaries and benefits	3,020	-	4,969	7,989
Purchased services	3,200	1,319	23,170	27,689
Supplies and materials	-	148	135	283
Total Expenditures	<u>6,220</u>	<u>1,467</u>	<u>28,274</u>	<u>35,961</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,687)</u>	<u>485</u>	<u>(4,718)</u>	<u>(5,920)</u>
OTHER FINANCING SOURCES				
Interest	-	-	9	9
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
NET CHANGE IN FUND BALANCE	(1,687)	485	(4,709)	(5,911)
FUND BALANCE - BEGINNING	<u>1,553</u>	<u>6,353</u>	<u>48,898</u>	<u>56,804</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (134)</u>	<u>\$ 6,838</u>	<u>\$ 44,189</u>	<u>\$ 50,893</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Totals
	Workshop Fund	Video Co-op	Fingerprinting Fund	
ASSETS				
Cash and cash equivalents	\$ 394	\$ -	\$ 18,104	\$ 18,498
Total current assets	394	-	18,104	18,498
Noncurrent assets:				
Capital assets, being depreciated, net	1,872	-	4,671	6,543
Total noncurrent assets	1,872	-	4,671	6,543
TOTAL ASSETS	2,266	-	22,775	25,041
LIABILITIES				
Accounts payable	-	-	2,662	2,662
Total current liabilities	-	-	2,662	2,662
TOTAL LIABILITIES	-	-	2,662	2,662
NET POSITION				
Invested in capital assets	1,872	-	4,671	6,543
Unrestricted	394	-	15,442	15,836
TOTAL NET POSITION	\$ 2,266	\$ -	\$ 20,113	\$ 22,379

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities Enterprise Funds			Totals
	Workshop Fund	Video Co-op	Fingerprinting Fund	
OPERATING REVENUES				
Fees for services	\$ -	\$ 3,124	\$ 41,743	\$ 44,867
Total Operating Revenues	<u>-</u>	<u>3,124</u>	<u>41,743</u>	<u>44,867</u>
OPERATING EXPENSES				
Purchased services	1,798	3,425	33,065	38,288
Supplies and materials	1,204	-	-	1,204
Depreciation	373	-	2,073	2,446
Total Operating Expenses	<u>3,375</u>	<u>3,425</u>	<u>35,138</u>	<u>41,938</u>
OPERATING INCOME (LOSS)	<u>(3,375)</u>	<u>(301)</u>	<u>6,605</u>	<u>2,929</u>
CHANGE IN NET POSITION	(3,375)	(301)	6,605	2,929
TOTAL NET POSITION - BEGINNING	<u>5,641</u>	<u>301</u>	<u>13,508</u>	<u>19,450</u>
TOTAL NET POSITION - ENDING	<u>\$ 2,266</u>	<u>\$ -</u>	<u>\$ 20,113</u>	<u>\$ 22,379</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			
	Workshop Fund	Video Co-op	Fingerprinting Fund	Totals
Cash Flows from Operating Activities:				
Receipts from customers	\$ -	\$ 3,124	\$ 41,743	\$ 44,867
Payments to suppliers and providers of goods and services	(3,002)	(3,425)	(30,403)	(36,830)
Net Cash Provided by (Used for) Operating Activities	<u>(3,002)</u>	<u>(301)</u>	<u>11,340</u>	<u>8,037</u>
Cash Flows from Investing Activities:				
Acquisition of capital assets	(1,397)	-	-	(1,397)
Net Cash Provided by (Used for) Investing Activities	<u>(1,397)</u>	<u>-</u>	<u>-</u>	<u>(1,397)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,399)	(301)	11,340	6,640
Cash and cash equivalents - Beginning	<u>4,793</u>	<u>301</u>	<u>6,764</u>	<u>11,858</u>
Cash and cash equivalents - Ending	<u>\$ 394</u>	<u>\$ -</u>	<u>\$ 18,104</u>	<u>\$ 18,498</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (3,375)	\$ (301)	\$ 6,605	\$ 2,929
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	373	-	2,073	2,446
Increase/(decrease) in liabilities: Increase in accounts payable	<u>-</u>	<u>-</u>	<u>2,662</u>	<u>2,662</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,002)</u>	<u>\$ (301)</u>	<u>\$ 11,340</u>	<u>\$ 8,037</u>

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2013

	Administrators Roundtable	Area III Superintendents	Hancock County Principals	Regional Board of School Trustees
ASSETS				
Cash and cash equivalents	\$ 12,012	\$ 6,655	\$ 4,492	\$ 1,773
Due from other governments	-	-	-	-
TOTAL ASSETS	\$ 12,012	\$ 6,655	\$ 4,492	\$ 1,773
LIABILITIES				
Due to other governments	\$ 12,012	\$ 6,655	\$ 4,492	\$ 1,773
TOTAL LIABILITIES	\$ 12,012	\$ 6,655	\$ 4,492	\$ 1,773

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2013

	Rotary Scholarship	Western Area Career System	Distributive Fund	Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 769	\$ 25,701
Due from other governments	-	924	1,182,898	1,183,822
TOTAL ASSETS	\$ -	\$ 924	\$ 1,183,667	\$ 1,209,523
LIABILITIES				
Due to other governments	\$ -	\$ 924	\$ 1,183,667	\$ 1,209,523
TOTAL LIABILITIES	\$ -	\$ 924	\$ 1,183,667	\$ 1,209,523

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>ADMINISTRATORS ROUNDTABLE</u>				
ASSETS				
Cash and cash equivalents	\$ 10,566	\$ 2,981	\$ 1,535	\$ 12,012
Total Assets	<u>\$ 10,566</u>	<u>\$ 2,981</u>	<u>\$ 1,535</u>	<u>\$ 12,012</u>
LIABILITIES				
Due to other governments	\$ 10,566	\$ 2,981	\$ 1,535	\$ 12,012
Total Liabilities	<u>\$ 10,566</u>	<u>\$ 2,981</u>	<u>\$ 1,535</u>	<u>\$ 12,012</u>
 <u>AREA III SUPERINTENDENTS</u>				
ASSETS				
Cash and cash equivalents	\$ 8,125	\$ 2,000	\$ 3,470	\$ 6,655
Total Assets	<u>\$ 8,125</u>	<u>\$ 2,000</u>	<u>\$ 3,470</u>	<u>\$ 6,655</u>
LIABILITIES				
Due to other governments	\$ 8,125	\$ 2,000	\$ 3,470	\$ 6,655
Total Liabilities	<u>\$ 8,125</u>	<u>\$ 2,000</u>	<u>\$ 3,470</u>	<u>\$ 6,655</u>
 <u>HANCOCK COUNTY PRINCIPALS</u>				
ASSETS				
Cash and cash equivalents	\$ 5,244	\$ 1,379	\$ 2,131	\$ 4,492
Total Assets	<u>\$ 5,244</u>	<u>\$ 1,379</u>	<u>\$ 2,131</u>	<u>\$ 4,492</u>
LIABILITIES				
Due to other governments	\$ 5,244	\$ 1,379	\$ 2,131	\$ 4,492
Total Liabilities	<u>\$ 5,244</u>	<u>\$ 1,379</u>	<u>\$ 2,131</u>	<u>\$ 4,492</u>

HANCOCK/MCDONOUGH COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>REGIONAL BOARD OF SCHOOL TRUSTEES</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,773	\$ -	\$ -	\$ 1,773
Total Assets	<u>\$ 1,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,773</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 1,773	\$ -	\$ -	\$ 1,773
Total Liabilities	<u>\$ 1,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,773</u>
 <u>ROTARY SCHOLARSHIP</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 300	\$ -	\$ 300	\$ -
Total Assets	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 300	\$ -	\$ 300	\$ -
Total Liabilities	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ -</u>
 <u>WESTERN AREA CAREER SYSTEM</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 280	\$ 17,467	\$ 17,747	\$ -
Due from other governments	-	924	-	924
Total Assets	<u>\$ 280</u>	<u>\$ 18,391</u>	<u>\$ 17,747</u>	<u>\$ 924</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 280	\$ 18,391	\$ 17,747	\$ 924
Total Liabilities	<u>\$ 280</u>	<u>\$ 18,391</u>	<u>\$ 17,747</u>	<u>\$ 924</u>

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 2,618	\$ 6,681,163	\$ 6,683,012	\$ 769
Due from other governments	1,650,671	4,875,194	5,342,967	1,182,898
Total Assets	\$ 1,653,289	\$ 11,556,357	\$ 12,025,979	\$ 1,183,667
LIABILITIES				
Due to other governments	\$ 1,653,289	\$ 11,556,357	\$ 12,025,979	\$ 1,183,667
Total Liabilities	\$ 1,653,289	\$ 11,556,357	\$ 12,025,979	\$ 1,183,667
 <u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 28,906	\$ 6,704,990	\$ 6,708,195	\$ 25,701
Due from other governments	1,650,671	4,876,118	5,342,967	1,183,822
Total Assets	\$ 1,679,577	\$ 11,581,108	\$ 12,051,162	\$ 1,209,523
LIABILITIES				
Due to other governments	\$ 1,679,577	\$ 11,581,108	\$ 12,051,162	\$ 1,209,523
Total Liabilities	\$ 1,679,577	\$ 11,581,108	\$ 12,051,162	\$ 1,209,523

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF DISBURSEMENTS TO OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2013

DISTRIBUTIONS	Acct. No.	Western Area Career System	West Central Illinois Special Ed	Regional Office of Education #26	Total
State Funds					
General State Aid - Sec. 18-8	3001	\$ -	\$ -	\$ 196,591	\$ 196,591
Sp. Ed. - Personnel	3110	-	861,281	-	861,281
Career & Technical Ed Improvement (CTEI)	3220	440,173	-	-	440,173
State Free Lunch & Breakfast	3360	-	1,206	107	1,313
ROE School Bus Driver Training	3520	-	-	764	764
Truants Alternative/Optional Ed.	3695	-	-	270,735	270,735
Regional Safe Schools	3696	-	-	42,405	42,405
Early Childhood - Block Grant	3705	-	-	619,082	619,082
ROE/ISC Operations	3730	-	-	21,963	21,963
Total State Funds		<u>440,173</u>	<u>862,487</u>	<u>1,151,647</u>	<u>2,454,307</u>
Federal Funds					
National School Lunch Program	4210	-	24,393	3,856	28,249
School Breakfast Program	4220	-	15,627	476	16,103
Fed. - Sp. Ed. - Pre-School Flow Through	4600	-	230,265	-	230,265
Fed. - Sp. Ed. - I.D.E.A. Flow Through	4620	-	3,680,090	-	3,680,090
CTE-Perkins Secondary	4745	89,932	-	-	89,932
ARRA- Education Jobs Funds	4880	-	-	325	325
McKinney Education for Homeless Children	4920	-	-	182,480	182,480
Title II - Teacher Quality	4932	-	-	1,261	1,261
Total Federal Funds		<u>89,932</u>	<u>3,950,375</u>	<u>188,398</u>	<u>4,228,705</u>
TOTAL DISTRIBUTIONS		<u>\$ 530,105</u>	<u>\$ 4,812,862</u>	<u>\$ 1,340,045</u>	<u>\$ 6,683,012</u>

FEDERAL COMPLIANCE

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/12-6/30/13</u>
US Department of Education			
Fund for the Improvement of Education			
Teaching American History	84.215X	U215X080056	\$ 342,030
Total Fund for the Improvement of Education			<u>342,030 (M)</u>
passed through Illinois State Board of Education			
Improving Teacher Quality State Grants			
Title II - Teacher Quality	84.367A	13-4932-00	536
Title II - Teacher Quality - Leadership Grant	84.367A	13-4935-02	3,400
Total Improving Teacher Quality State Grants			<u>3,936</u>
Education Jobs Fund, Recovery Act			
ARRA - Education Jobs Fund Program	84.410	12-4880-92	239
ARRA - Education Jobs Fund Program	84.410	12-4880-93	86
Total Education Jobs Fund, Recovery Act			<u>325</u>
Education for Homeless Children and Youth			
passed through Illinois State Board of Education			
McKinney Education for Homeless Children	84.196A	13-4920-00	299,683
passed through The Center: Resources for Teaching and Learning			
Adult Learning Resource Center (Education for Homeless Children and Youth)	84.196A	N/A	28
Total Education for Homeless Children and Youth			<u>299,711</u>
Title I Grants to Local Educational Agencies			
passed through Two Rivers Professional Development Center			
Regional System Provider/Federal System (Title I - School Improvement)	84.010A	13-4331-SS	20,794
Total Title I Grants to Local Educational Agencies			<u>20,794</u>
Mathematics and Science Partnerships			
passed through Western Illinois University			
Teaching Math	84.366	R026149	4,461
Total Mathematics and Science Partnerships			<u>4,461</u>
passed through Illinois Department of Human Services (IDHS)			
Rehabilitation Services - Vocational Rehabilitation Grants to States			
Regional Programs	84.126	30081440A	9,859
Total Rehabilitation Services - Vocational Rehabilitation Grants to States			<u>9,859</u>
Special Education - Grants for Infants and Families			
Child and Family Connections	84.181	835024900	130,279
Total Special Education - Grants for Infants and Families			<u>130,279 (M)</u>
Total US Department of Education			<u>811,395</u>

The accompanying notes are an integral part of this schedule.

HANCOCK/MCDONOUGH COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/12-6/30/13</u>
US Department of Agriculture			
passed through Illinois State Board of Education			
National School Lunch Program			
Hancock McDonough Alternative Schools	10.555	13-4210-00	3,856
Total National School Lunch Program			<u>3,856</u>
School Breakfast Program			
Hancock McDonough Alternative Schools	10.553	13-4220-00	476
Total School Breakfast Program			<u>476</u>
Total US Department of Agriculture			<u>4,332</u>
Total Expenditures of Federal Awards			<u>\$ 815,727</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

HANCOCK/MCDONOUGH
 REGIONAL OFFICE OF EDUCATION #26
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education #26 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Regional Office of Education #26 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
McKinney Education for Homeless Children	84.196A	\$229,146

NOTE 3 – DESCRIPTION OF MAJOR FEDERAL PROGRAMS

Teaching American History – Used to account for federal grant proceeds received in the Regional Office’s project to conduct nationally significant programs to improve the quality of education, assist all students to meet challenging State content standards, and contribute to the achievement of elementary and secondary students.

Child and Family Connections – Used to account for a contractual agreement with the Illinois Department of Human Services to provide a caseworker for the purpose of monitoring teen parents receiving Aid to Dependent Children.

NOTE 4 – NON-CASH ASSISTANCE

None

NOTE 5 – AMOUNT OF INSURANCE

None

NOTE 6 – LOANS OR LOAN GUARANTEES OUTSTANDING

None