

**STATE OF ILLINOIS
LOGAN, MASON, MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38**

Financial Audit

For the Year Ended June 30, 2013

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

Kyle E. McGinnis

Certified Public Accountant
200 East Pine
Springfield, IL 62704

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

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LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

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LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38
OFFICIALS

Officials

Regional Superintendent
(current and during the audit period)

Ms. Jean Anderson

Assistant Regional Superintendent
(current and during the audit period)

Ms. Terri McDowell

Offices are located at:

122 North McLean Street
Lincoln, IL 62656

Mason County Courthouse
Havana, IL 62644

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
		Findings (<i>Government Auditing Standards</i>)	
2013-001	11	Controls Over Financial Statement Preparation	Material Weakness
2013-002	13	Internal Control Over Grant Compliance	Significant Deficiency

Findings and Responses (*Federal Compliance*)

None

Prior Findings Not Repeated (*Government Auditing Standards*)

None

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

FINANCIAL REPORT SUMMARY
(Continued)

EXIT CONFERENCE

In correspondence dated June 2, 2014, Jean Anderson, the Regional Superintendent of Regional Office of Education No. 38, waived their right to an exit conference. Responses to the recommendations were provided by Jean Anderson, Regional Superintendent, on June 2, 2014 and June 21, 2014.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

FINANCIAL STATEMENT REPORT SUMMARY

FOR THE YEAR ENDED JUNE 30, 2013

The audit of the accompanying basic financial statements of the Logan, Mason and Menard Counties Regional Office of Education No. 38 was performed by Kyle E. McGinnis, CPA.

Based on their audit, the auditors expressed an unmodified opinion on the Logan, Mason and Menard Counties Regional Office of Education No. 38's basic financial statements.

KYLE E. McGINNIS

Certified Public Accountant

MEMBER OF:

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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, each major fund, and the aggregate remaining fund information of the Logan, Mason and Menard Counties Regional Office of Education No. 38, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Logan, Mason and Menard Counties Regional Office of Education No. 38'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, each major fund, and the aggregate remaining fund information of the Logan, Mason and Menard Counties Regional Office of Education No. 38, 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 18 through 25 and 49 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.

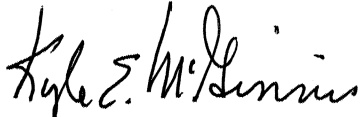
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Logan, Mason and Menard Counties Regional Office of Education No. 38's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules and Schedule of Disbursements to School District Treasurers and Other Entities 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 and Schedule of Disbursements to School District Treasurers and Other Entities are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules and Schedule of Disbursements to School District Treasurers and Other Entities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014 on our consideration of the Logan, Mason and Menard Counties Regional Office of Education No. 38'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 Logan, Mason and Menard Counties Regional Office of Education No. 38's internal control over financial reporting and compliance.



Kyle E. McGinnis, CPA
Springfield, Illinois

June 24, 2014

KYLE E. McGINNIS

Certified Public Accountant

MEMBER OF:

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
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**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, each major fund, and the aggregate remaining fund information of Logan, Mason and Menard Counties Regional Office of Education No. 38, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Logan, Mason and Menard Counties Regional Office of Education No. 38's basic financial statements, and have issued our report thereon dated June 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Logan, Mason and Menard Counties Regional Office of Education No. 38'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 Logan, Mason and Menard Counties Regional Office of Education No. 38's internal control. Accordingly, we do not express an opinion on the effectiveness of Logan, Mason and Menard Counties Regional Office of Education No. 38's internal control.

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

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

consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-002 to be a significant deficiency.

Compliance and Other Matters

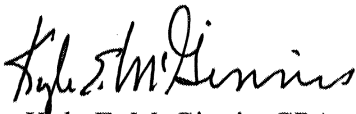
As part of obtaining reasonable assurance about whether Logan, Mason and Menard Counties Regional Office of Education No. 38's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Logan, Mason and Menard Counties Regional Office of Education No. 38's Responses to Findings

Logan, Mason and Menard Counties Regional Office of Education No. 38's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Logan, Mason and Menard Counties Regional Office of Education No. 38's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Logan, Mason and Menard Counties Regional Office of Education No. 38's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Logan, Mason and Menard Counties Regional Office of Education No. 38's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kyle E. McGinnis, CPA
Springfield, Illinois

June 24, 2014

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

SCHEDULE OF FINDINGS AND RESPONSES

SECTION II – FINANCIAL STATEMENT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

Finding No. 2013-001 – Controls Over Financial Statement Preparation. (Repeated from Findings 12-1, 11-1, 10-1, 09-1, 08-1, 07-3)

Criteria/Specific Requirement:

The Logan, Mason and Menard Counties Regional Office of Education No. 38 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education No. 38's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skill 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 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 No. 38 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education No. 38 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education No. 38 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the 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 No. 38's financial information prepared by the Regional Office of Education No. 38, the following was noted:

- The Regional Office of Education No. 38 did not prepare complete financial statements or note disclosures for the current fiscal year.
- The Regional Office of Education No. 38's financial information required material adjusting entries related to the conversion of its financial statements from cash to accrual basis of accounting based on documentation provided by the Regional Office of Education No. 38 in order to present its financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries were approved and accepted by the Regional Office of Education No. 38 management.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

SCHEDULE OF FINDINGS AND RESPONSES

SECTION II – FINANCIAL STATEMENT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

Finding No. 2013-001 – Controls Over Financial Statement Preparation. (Repeated from Findings 12-1, 11-1, 10-1, 09-1, 08-1, 07-3) Continued

Effect:

The Regional Office of Education No. 38 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 No. 38 management, they were aware of their responsibility to properly prepare financial statements in accordance with GAAP. However, their funding has recently been reduced and they don't have the resources to hire additional staff to ensure the reports are properly prepared.

Recommendation:

As part of internal control over the preparation of financial statements, the Regional Office of Education No. 38 should implement comprehensive preparation procedures to ensure that the financial statements and note disclosures are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements and knowledge of the Regional Office of Education No. 38's activities and operations.

Agency Response:

The Logan/Mason/Menard Regional Office of Education understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. ROE management is currently confident with the abilities of the accounting staff to prepare cash basis financial information as needed for reporting throughout the year. Management will review year-end reporting controls annually and investigate the cost of training staff to reach an appropriate level of expertise to do a comprehensive preparation and/or review of financial statements. Even though the three counties constituting this office are slated to consolidate with three different regions, as of June 30, 2015, management will still consider additional training when it seems cost beneficial, although training costs would take away from the funds available to provide educational services for the schools in the region.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

SCHEDULE OF FINDINGS AND RESPONSES

SECTION II – FINANCIAL STATEMENT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

Finding No. 2013-002 – Internal Control Over Grant Compliance

Criteria/Specific Requirement:

As a recipient of federal, State and local funds from various grantor agencies, the Regional Office of Education No. 38 must incorporate certain procedures into their operations in order to comply with the grant agreements with these entities.

The Regional Office of Education No. 38 is responsible for establishing and maintaining an internal control system over receipts and disbursements sufficient to complete accurate and timely quarterly expenditure reports required for grants administered by the Illinois State Board of Education (ISBE).

Condition:

During the course of our audit, we noted all the quarterly reports for the McKinney-Vento Homeless Children and Youth Program Grant were submitted to the Area Director between 14 and 190 days late.

Effect:

Lack of timely reporting could result in potential noncompliance with grant requirements and/or suspension of grant funding.

Cause:

Regional Office officials stated the first quarterly report was delayed pending final notification of award and the remainder of the reports were late due to oversight.

Recommendation:

The Regional Office of Education No. 38 should implement adequate internal controls to ensure that timely expenditure reports are filed in the future to comply with the grant agreements and ensure continued funding.

Agency Response:

The Logan/Mason/Menard Regional Office of Education understands the nature of this finding and the concern, as stated in the "Effect," that a lack of timely reporting could result in potential noncompliance with grant requirements and/or suspension of grant funding.

The agency has ensured that reports are now being filed in a timely manner and that any forms not received are requested from the grantor within the appropriate timeline.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

SCHEDULE OF FINDINGS AND RESPONSES

SECTION III – FEDERAL AWARDS FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

None.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

Finding No. 2013-001. Controls Over Financial Statement Preparation

Condition:

The Regional Office of Education No. 38 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education No. 38 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education No. 38 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the 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 No. 38's financial information prepared by the Regional Office of Education No. 38, the following was noted:

- The Regional Office of Education No. 38 did not prepare complete financial statements or note disclosures for the current fiscal year.
- The Regional Office of Education No. 38's financial information required material adjusting entries related to the conversion of its financial statements from cash to accrual basis of accounting based on documentation provided by the Regional Office of Education No. 38 in order to present its financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries were approved and accepted by the Regional Office of Education No. 38 management.

Plan:

The Logan/Mason/Menard Regional Office of Education understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. ROE management is currently confident with the abilities of the accounting staff to prepare cash basis financial information as needed for reporting throughout the year. Management will review year-end reporting controls annually and investigate the cost of training staff to reach an appropriate level of expertise to do a comprehensive preparation and/or review of financial statements. Even though the three counties constituting this office are slated to consolidate with three different regions, as of June 30, 2015, management will still consider additional training when it seems cost beneficial, although training costs would take away from the funds available to provide educational services for the schools in the region.

Anticipated Date of Completion:

Ongoing.

Name of Contact Person:

Jean Anderson, Regional Superintendent of Schools

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

Finding No. 2013-002. Internal Control Over Grant Compliance

Condition:

During the course of our audit, we noted the quarterly reports for the McKinney-Vento Homeless Children and Youth Program Grant were submitted to the Area Director between 14 and 190 days late.

Plan:

The agency has ensured that reports are now being filed in a timely manner and that any forms not received are requested from the grantor within the appropriate timeline.

Anticipated Date of Completion:

12/31/13.

Name of Contact Person:

Jean Anderson, Regional Superintendent of Schools

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION No.38

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
12-1	Internal Control Over Financial Statement Preparation	Repeated as 2013-001

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

The Logan, Mason and Menard Counties Regional Office of Education No. 38 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 in conjunction with the Agency's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$404,250 in fiscal year 2012 to \$435,771 in fiscal year 2013, and the General Fund expenditures increased from \$410,557 in fiscal year 2012 to \$442,296 in fiscal year 2013. The Logan, Mason and Menard Counties Regional Office of Education No. 38 experienced a decrease in the General Fund's fund balance from \$50,504 in fiscal year 2012 to \$44,012 in fiscal year 2013.
- The increase in General Fund revenues was attributable to an increase in the recognition of on-behalf payments. The increase in General Fund expenditures was primarily due to an increase in on-behalf payments.
- Education Fund revenues increased from \$46,866 in fiscal year 2012 to \$92,894 in fiscal year 2013 and the Education Fund expenditures increased from \$63,319 in fiscal year 2012 to \$92,882 in fiscal year 2013. The Education Fund's fund balance experienced an increase from \$963 in fiscal year 2012 to \$968 in fiscal year 2013 due to increase in state sources.
- The Institute Fund fund balance decreased from \$61,074 in fiscal year 2012 to \$56,569 in fiscal year 2013. This decrease is due to a decline in teacher certification renewal fees while the expenditures in the fund remained constant.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency'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 Logan, Mason and Menard Counties Regional Office of Education No. 38 as a whole and present an overall view of the Agency'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 Agency's operations in more detail than the government-wide statements by providing information about the most significant funds.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

USING THIS ANNUAL REPORT (CONTINUED)

- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplemental Information further explains and supports the financial statements with a comparison of the Agency's detailed information for each category of funds and provides detailed information about the non-major funds.

REPORTING THE OFFICE AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Government-wide statements report information about the Logan, Mason and Menard Counties Regional Office of Education No. 38 as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the Agency's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide statements report the Agency's net position and how it has changed. Net position – the difference between the assets and liabilities – is one way to measure the Agency's financial health or position.

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Agency's overall health, additional non-financial 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 Agency'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. State law requires the establishment of funds. The Logan, Mason and Menard Counties Regional Office of Education No. 38 established other funds to control and manage money for particular purposes.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

Fund Financial Statements (Continued)

The Agency has two kinds of Fund classifications:

- 1) Governmental funds account for all the Agency's services. These focus on how cash, and other financial assets that can be readily converted to cash, flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Agency's programs. The Agency's Governmental Funds include the General Fund and the Special Revenue Funds. The required financial statements for Governmental Funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance.
- 2) Fiduciary Funds account for services for which the Logan, Mason and Menard Counties Regional Office of Education No. 38 acts as a 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 fund financial statements is included in the fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The Logan, Mason and Menard Counties Regional Office of Education No. 38's net position at the end of fiscal year 2013 totaled \$113,860. At the end of fiscal year 2012, the net position was \$142,052. The analysis that follows provides a summary of the Agency's net position at June 30, 2013 and 2012 for governmental activities.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

CONDENSED STATEMENT OF NET POSITION
June 30, 2013 and 2012

Governmental Activities

	<u>2013</u>	<u>2012</u>
Current Assets	\$ 144,681	\$ 151,450
Capital Assets, Net of Depreciation	<u>15,311</u>	<u>18,872</u>
Total Assets	<u>\$ 159,992</u>	<u>\$ 170,322</u>
Current Liabilities	<u>\$ 2,074</u>	<u>\$ 320</u>
Non Current Liabilities	<u>\$ 44,058</u>	<u>\$ 27,950</u>
Total Liabilities	<u>\$ 46,132</u>	<u>\$ 28,270</u>
Net Position		
Net investment in capital assets	\$ 15,311	\$ 18,872
Unrestricted	(46)	22,554
Restricted for educational purposes	<u>98,595</u>	<u>100,626</u>
Total Net Position	<u>\$ 113,860</u>	<u>\$ 142,052</u>

The Logan, Mason and Menard Counties Regional Office of Education No. 38's net position decreased by \$28,192 from fiscal year 2012 to fiscal year 2013. The decrease was primarily due to a decrease in local sources.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

CHANGES IN NET POSITION

The following analysis shows the changes in net position for the years ended June 30, 2013 and 2012.

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:				
Program revenues:				
Operating grants and contributions	\$ 93,748	\$ 38,136	\$ 93,748	\$ 38,136
General revenues:				
Local sources	143,499	167,356	143,499	167,356
On-behalf payments	309,971	269,520	309,971	269,520
Interest	76	135	76	135
Refund of Prior Year Expenditures	-	388	-	388
Total revenues	<u>\$ 547,294</u>	<u>\$ 475,535</u>	<u>\$ 547,294</u>	<u>\$ 475,535</u>
Expenses:				
Program expenses:				
Salaries and benefits	\$ 191,499	\$ 152,602	\$ 191,499	\$ 152,602
Purchased services	57,629	60,217	57,629	60,217
Supplies and materials	4,767	4,754	4,767	4,754
Other objects	8,059	12,902	8,059	12,902
Depreciation	3,561	3,552	3,561	3,552
Payments to other governments	-	24,790	-	24,790
Administrative expenses:				
On-behalf payments - state	309,971	269,520	309,971	269,520
Total expenses	<u>\$ 575,486</u>	<u>\$ 528,337</u>	<u>\$ 575,486</u>	<u>\$ 528,337</u>
Changes in net position	\$ (28,192)	\$ (52,802)	\$ (28,192)	\$ (52,802)
Net position, beginning of year	<u>142,052</u>	<u>194,854</u>	<u>142,052</u>	<u>194,854</u>
Net position, end of year	<u><u>\$ 113,860</u></u>	<u><u>\$ 142,052</u></u>	<u><u>\$ 113,860</u></u>	<u><u>\$ 142,052</u></u>

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

Governmental Activities

Revenues for governmental activities were \$547,294 and expenses were \$575,486. In a difficult budget year, the ROE was unable to keep expenditures below revenue which resulted in a decrease in net position.

Financial Analysis of the Logan, Mason and Menard Counties Regional Office of Education No. 38 Funds

As previously noted, the Logan, Mason and Menard Counties Regional Office of Education No. 38 used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$142,607. This is a decrease of \$8,523 from last year's balance of \$151,130. The primary reason for the decrease was due to a decrease in local sources in the General, Institute and G.E.D. funds.

Governmental Fund Highlights

County support for the Logan, Mason and Menard Counties Regional Office of Education No. 38 decreased by approximately 2.31% over the last two fiscal years.

Budgetary Highlights

The Logan, Mason and Menard Counties Regional Office of Education No. 38 annually adopts budgets for several funds when required by the granting Agency. The Regional Superintendent annually prepares an Operating Fund Budget and submits it to the three County Boards for their approval. The Operating Fund Budget covers a fiscal year of December 1 through November 30.

All grant budgets are prepared by the Logan, Mason and Menard Counties Regional Office of Education No. 38 and submitted to the granting Agency for approval; however, they are not legally required or adopted. Amendments must be submitted under guidelines established by the granting Agency. Schedules showing the budget amounts compared to the Agency's actual financial activity are included in the supplementary information of this report.

Capital Assets

Capital Assets of the Logan, Mason and Menard Counties Regional Office of Education No. 38 include equipment, computers, audio-visual equipment and office furniture. The Logan, Mason and Menard Counties Regional Office of Education No. 38 maintains an inventory of capital assets, which have been accumulated over time. The Logan, Mason and Menard Counties Regional Office of Education No. 38's capital asset balance for fiscal year 2013 is \$15,311, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note 6 to the financial statements.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

Economic Factors and Next Year's Budget

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

- The interest rate on investments remains low and will continue to impact interest earned.
- Career and Technical Education Improvement (CTEI) funding was still outstanding at the close of FY 2013, but all FY 2013 funds have now been received. To date, we have received FY 2014 payments in a timelier fashion than what we have experienced in the past few years.
- Funds received for the FY 2013 Homeless Program were less than those received in FY 2012. However, the grant award for FY 2014 is \$8,365, which is a little higher than last year's budgeted amount of \$8,006.
- The rising cost of supplies and personnel is not being met by the proposed funding from the State and local sources.
- Programs are being operated only on available funds, as the Agency cannot afford to obligate or expend funds that may never be received, that may be several months late, or whose payment may extend into the next fiscal year.
- School services funding continues to be reduced. The FY 2014 amount is only \$25,088, down from \$25,201 in FY 2013. All school services funds go into the Mid-Illini Educational Cooperative operating fund, in order to maintain statutory professional development services and support for educators in our regions.
- Supervisory monies, although statutory, has not been provided for the past four years. As reported for FY 2013, any funds remaining from prior allotments were expended in FY 2012 to meet budget needs, and the account has been closed.
- FY 2013 county support was a little more than that provided in FY 2012, but the FY 2012 amount was a decrease of almost \$5,000 from that provided in the previous year. The FY 2013 amount was also less than what I projected would be needed to avoid deficit spending. Although the proposed FY 2014 budget reflects a somewhat larger amount, again, it still remains far below what I project as adequate for supporting normal office operations. Keeping the salaries and benefits for the three office staff – the staff paid by county support – at FY 2013 levels, plus the increase in our IMRF rate (effective December 1, 2013), will leave only \$1,421 for operating expenses for FY 2014, based on draft county support prior to October 16, 2013. On October 16, 2013 Logan County proposed that an amount of approximately \$6,000 be added to our budget line in the draft budget now on file for public review. The vote, however, was not unanimous, so I have no guarantee that the promised amount will stand; and, because of the money being promised so close to the new county fiscal year, will most likely have no affect on Mason or Menard's levels of contribution. Therefore, at this time, it is very possible that changes may be in store, in order for our office to continue to operate, business as usual.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

- On June 25, 2012, Governor Pat Quinn signed Senate Bill 2706 into law. This became Public Act 97-0703, which calls for the realignment of Regional Offices of Education from the current 44 to 35. In addition, it re-set the minimum census population that a Regional Office of Education can serve from 43,000 to 61,000. The statute states that realignment shall take effect on July 1, 2015, and agreements were to have been finalized on or before June 30, 2013. However, by June 30, 2013, consolidation efforts had only resulted in attaining 37 offices, and it was believed that realignment through legislation might be required, should ISBE be unable to direct further consolidation. County Boards for many of the affected offices, including boards representing Logan, Mason, and Menard Counties, had met the legislative deadline to pass resolutions and create intergovernmental agreements with regard to new configurations, and, although there was a concern that those would be disregarded, all existing agreements were, ultimately, permitted to stand, along with the additional efforts to combine other ROE's in order to reach the mandated 35. Therefore, Logan County will be joining the DeWitt, Livingston and McLean County Education Service Region; Mason County will join Tazewell County, and, along with Woodford County, will form the Mason, Tazewell and Woodford Education Service Region; and, finally, Menard County will join Sangamon County. Efforts have begun to address consolidation procedures, and, barring further change, as of June 30, 2015, the existing three-county structure will be dissolved and, along with the other affected ROEs, the counties will be aligned into the new regional structures.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Agency's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Logan, Mason and Menard Counties Regional Office of Education No. 38, at 122 N. McLean Street, Lincoln, IL 62656.

BASIC FINANCIAL STATEMENTS

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

STATEMENT OF NET POSITION

JUNE 30, 2013

	Primary Government	
	Governmental activities	Total
Assets:		
Current assets:		
Cash and cash equivalents	\$ 141,836	\$ 141,836
Accounts receivable	2,767	2,767
Due from other government agencies	78	78
Total current assets	\$ 144,681	\$ 144,681
Noncurrent assets:		
Capital assets, net of depreciation	15,311	15,311
Total assets	\$ 159,992	\$ 159,992
Liabilities:		
Current liabilities:		
Excess of outstanding checks over bank balance	\$ 1,993	\$ 1,993
Due to other government agencies	81	81
Total current liabilities	\$ 2,074	\$ 2,074
Non current liabilities:		
Net pension liability	\$ 44,058	\$ 44,058
Total liabilities	\$ 46,132	\$ 46,132
Net Position:		
Net investment in capital assets	\$ 15,311	\$ 15,311
Unrestricted	(46)	(46)
Restricted for educational purposes	98,595	98,595
Total net position	\$ 113,860	\$ 113,860

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Expenses</u>	<u>Program revenues Operating grants and contributions</u>	<u>Net (expense)/revenue and changes in net position</u>	
			<u>Primary government</u>	
			<u>Governmental activities</u>	<u>Total</u>
Functions/programs:				
Primary Government				
Governmental activities:				
Instructional services:				
Salaries	\$ 147,230	\$ 51,179	\$ (96,051)	\$ (96,051)
Employee benefits	44,269	8,563	(35,706)	(35,706)
Purchased services	57,629	32,769	(24,860)	(24,860)
Supplies and materials	4,767	1,237	(3,530)	(3,530)
Other objects	8,059	-	(8,059)	(8,059)
Depreciation	3,561	-	(3,561)	(3,561)
Administrative:				
On-behalf payments - State	309,971	-	(309,971)	(309,971)
Total governmental activities	<u>\$ 575,486</u>	<u>\$ 93,748</u>	<u>\$ (481,738)</u>	<u>\$ (481,738)</u>
General revenues:				
Local sources			\$ 143,499	\$ 143,499
Interest income			76	76
On-behalf payments - State			309,971	309,971
Total general revenues			<u>\$ 453,546</u>	<u>\$ 453,546</u>
Change in net position			\$ (28,192)	\$ (28,192)
Net position - July 1, 2012			<u>142,052</u>	<u>142,052</u>
Net position - June 30, 2013			<u>\$ 113,860</u>	<u>\$ 113,860</u>

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2013

	General fund	Education fund	Institute fund	G.E.D. fund	Other nonmajor funds	Total governmental funds
Assets:						
Cash and cash equivalents	\$ 44,078	\$ 194	\$ 56,495	\$ 37,779	\$ 3,290	\$ 141,836
Accounts receivable	-	2,767	-	-	-	2,767
Due from other government agencies	4	-	74	-	-	78
Total assets	\$ 44,082	\$ 2,961	\$ 56,569	\$ 37,779	\$ 3,290	\$ 144,681
Liabilities:						
Excess of outstanding checks over bank balance	\$ -	\$ 1,993	\$ -	\$ -	\$ -	\$ 1,993
Due to other government agencies	70	-	-	11	-	81
Total liabilities	\$ 70	\$ 1,993	\$ -	\$ 11	\$ -	\$ 2,074
Fund balances:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	968	56,569	37,768	3,290	98,595
Committed	-	-	-	-	-	-
Assigned	5,142	-	-	-	-	5,142
Unassigned	38,870	-	-	-	-	38,870
Total fund balances	\$ 44,012	\$ 968	\$ 56,569	\$ 37,768	\$ 3,290	\$ 142,607
Total liabilities and fund balances	\$ 44,082	\$ 2,961	\$ 56,569	\$ 37,779	\$ 3,290	\$ 144,681

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2013

Total fund balances - governmental funds	\$	142,607
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Net pension obligation		(44,058)
Some revenues will not be collected for several months after the Regional Office's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		-
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		15,311
		15,311
Net position of governmental activities	\$	113,860

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	General fund	Education fund	Institute fund	G.E.D. fund	Other nonmajor funds	Total governmental funds
Revenue:						
Federal sources	\$ -	\$ 10,381	\$ -	\$ -	\$ -	\$ 10,381
State sources	-	82,513	-	-	854	83,367
Local sources	125,800	-	9,669	6,238	1,792	143,499
On-behalf payments - State	309,971	-	-	-	-	309,971
Total revenue	<u>\$ 435,771</u>	<u>\$ 92,894</u>	<u>\$ 9,669</u>	<u>\$ 6,238</u>	<u>\$ 2,646</u>	<u>\$ 547,218</u>
Expenditures:						
Salaries	\$ 96,051	\$ 51,179	\$ -	\$ -	\$ -	\$ 147,230
Employee benefits	19,598	8,563	-	-	-	28,161
Purchased services	7,820	31,903	13,260	2,618	2,028	57,629
Supplies and materials	994	1,237	929	1,571	36	4,767
Other objects	7,862	-	35	162	-	8,059
On-behalf payments - State	309,971	-	-	-	-	309,971
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>\$ 442,296</u>	<u>\$ 92,882</u>	<u>\$ 14,224</u>	<u>\$ 4,351</u>	<u>\$ 2,064</u>	<u>\$ 555,817</u>
Excess (deficiency) of revenue over (under) expenditures	<u>\$ (6,525)</u>	<u>\$ 12</u>	<u>\$ (4,555)</u>	<u>\$ 1,887</u>	<u>\$ 582</u>	<u>\$ (8,599)</u>
Other financing sources (uses):						
Interest	33	(7)	50	-	-	76
Total other financing sources (uses)	<u>\$ 33</u>	<u>\$ (7)</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76</u>
Net changes in fund balances	\$ (6,492)	\$ 5	\$ (4,505)	\$ 1,887	\$ 582	\$ (8,523)
Fund balances - July 1, 2012	50,504	963	61,074	35,881	2,708	151,130
Fund balances - June 30, 2013	<u>\$ 44,012</u>	<u>\$ 968</u>	<u>\$ 56,569</u>	<u>\$ 37,768</u>	<u>\$ 3,290</u>	<u>\$ 142,607</u>

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

LOGAN/MASON MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - governmental funds	\$	(8,523)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
Net pension obligation		(16,108)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation expense		(3,561)
Capital assets purchases capitalized		<hr style="width: 100%;"/> -
Change in net position of governmental activities	\$	<hr style="width: 100%;"/> <u>(28,192)</u>

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

JUNE 30, 2013

	<u>Agency funds</u>
Assets:	
Cash and cash equivalents	<u>\$ 1,818</u>
Total assets	<u><u>\$ 1,818</u></u>
Liabilities:	
Due to other government agencies	<u>\$ 1,818</u>
Total liabilities	<u><u>\$ 1,818</u></u>

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

1. Organization Description

The Logan, Mason and Menard Counties Regional Office of Education No. 38 was formed under the provisions of the State of Illinois, Illinois Board of Education.

In 2013, the Logan, Mason and Menard Counties Regional Office of Education No. 38 implemented 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 No. 38 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 outflow of resources and deferred inflow of resources.

The Logan, Mason, and Menard Counties Regional Office of Education No. 38 is an entity that is a result of two Educational Service Regions becoming a Regional Office of Education as of August 1, 1979. The Logan/Mason/Menard Counties Regional Office of Education No. 38 operates under the School Code (105 ILCS 5/3 and 5/3A). The Logan, Mason and Menard Counties Regional Office of Education No. 38 encompasses Logan, Mason, and Menard Counties, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of the Logan, Mason and Menard Counties Regional Office of Education No. 38 and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

The Regional Superintendent is charged with responsibility for township fund lands; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teacher meetings and assist their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before September 30; maintenance of a map and numbering of the Logan, Mason and Menard Counties Regional Office of Education No. 38's districts; to inspect and approve building plans which comply with State laws; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related actions as may be required; to maintain a list of unfilled teaching positions and carry out other related duties required or permitted by law.

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

1. Organization Description (Continued)

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

For the period ended June 30, 2013, the Logan, Mason and Menard Counties Regional Office of Education No. 38 applied for, received and administered programs and grants in assistance and support of the educational activities of the school districts of the Logan, Mason and Menard Counties Regional Office of Education No. 38. Such activities are reported as a single major special revenue fund (Education Fund).

2. Summary of Significant Accounting Policies

The financial statements of the Logan, Mason and Menard Counties Regional Office of Education No. 38 have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Government Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

a. Financial Reporting Entity

The Logan, Mason and Menard Counties Regional Office of Education No. 38's reporting entity includes all related organizations for which the Logan, Mason and Menard Counties Regional Office of Education No. 38 exercises oversight responsibility.

The Logan, Mason and Menard Counties Regional Office of Education No. 38 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the Logan, Mason and Menard Counties Regional Office of Education No. 38, including joint agreements that serve pupils from numerous school districts, should be included within its financial reporting entity. The criteria include but are not limited to, whether the Logan, Mason and Menard Counties Regional Office of Education No. 38 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matter), scope of public service, and special financing relationships.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

2. Summary of Significant Accounting Policies (Continued)

a. Financial Reporting Entity (Continued)

The Logan, Mason and Menard Counties Regional Office of Education No. 38 acts as the administrative agent for the Regional Vocational Delivery System (a joint agreement). As administrative agent, the Logan, Mason and Menard Counties Regional Office of Education No. 38 receives and distributes the Regional Vocational Delivery System's funding.

The joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Logan, Mason and Menard Counties Regional Office of Education No. 38 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Logan, Mason and Menard Counties Regional Office of Education No. 38 is not aware of any entity, which would exercise such oversight as to result in the Logan, Mason and Menard Counties Regional Office of Education No. 38 being considered a component unit of the entity.

b. Basis of Presentation

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effects of interfund activity have been removed from these statements. Governmental activities include programs supported by State and Federal grants and other intergovernmental revenues.

The Logan, Mason and Menard Counties Regional Office of Education No. 38's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Logan, Mason and Menard Counties Regional Office of Education No. 38 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Logan, Mason and Menard Counties Regional Office of Education No. 38'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 or segment. 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. Other items not properly included among program revenues are reported instead as general revenues.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

2. Summary of Significant Accounting Policies (Continued)

b. Basis of Presentation (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

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 appear as due to/due from on the governmental fund Balance Sheet and as other sources and uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated.

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 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. 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.

c. 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.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

2. Summary of Significant Accounting Policies (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

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 balances (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 the period.

Revenues are considered available if they are collected within 60 days of the end of the current fiscal year. 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.

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 Logan, Mason and Menard Counties Regional Office of Education No. 38, 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 revenue at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Logan, Mason and Menard Counties Regional Office of Education No. 38 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 Logan, Mason and Menard Counties Regional Office of Education No. 38’s policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

d. Fund Accounting

The Logan, Mason and Menard Counties Regional Office of Education No. 38 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 Logan, Mason and Menard Counties Regional Office of Education No. 38 uses governmental and fiduciary funds.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

2. Summary of Significant Accounting Policies (Continued)

d. Fund Accounting (Continued)

Governmental Funds

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

As prescribed by GASB 34, governmental fund reporting focuses on the major funds, rather than 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 Logan, Mason and Menard Counties Regional Office of Education No. 38 has presented all major funds that meet the above qualifications.

The Logan, Mason and Menard Counties Regional Office of Education No. 38 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Logan, Mason and Menard Counties Regional Office of Education No. 38. It is used to account for all financial resources in the Region except those required to be accounted and reported for in other funds. General funds include the following:

Operating Fund – This fund accounts for all financial support of the Logan, Mason and Menard Counties Regional Office of Education No. 38 and is its primary operating fund.

Indirect Cost Fund – This fund accounts for the indirect costs for the Logan, Mason and Menard Counties Regional Office of Education No. 38.

Land Transfer Fund – The Regional Office of Education is responsible for Land Transfer petition. A person wishing to send their child to another school district can petition the Regional Board of School Trustees to detach their property from one district and annex it to another. The petitioner is required to pay for this process and this account tracks the money that they pay to the office.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

2. Summary of Significant Accounting Policies (Continued)

d. Fund Accounting (Continued)

Governmental Funds (Continued)

Media Materials Fund – This fund is used to account for library and video materials that are available to all the districts in the region.

Substitute Teacher Fingerprinting Fund – This fund is used to account for fingerprinting services for new substitute teachers in the region.

Major Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted to expenditures for specified purposes supporting education enhancement programs as follows:

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:

Truants Alternative/Optional Education – This fund is used to account for a grant that provides truancy guidance and alternative education options for applicable students within the region.

McKinney Education for Homeless Children – This program facilitates the enrollment, attendance and educational success of homeless children and youths so that they have an opportunity to meet the same challenging State standards to which all students are held.

The Hancock/McDonough Regional Office of Education receives the McKinney Homeless funds and then sends the Logan, Mason and Menard Counties Regional Office of Education No. 38 an approved budgeted portion of the grant to pay for a Homeless Coordinator.

Gifted Education – This was a one-time grant from the Illinois State Board of Education. The implementation period from June 2009 through August 31, 2010, allowed Regional Offices of Education to support teacher participation in the gifted education seminar, a 45 hour program designed to prepare teachers to identify and address the academic needs of students in their classrooms through differentiated instructional practices.

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

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

2. Summary of Significant Accounting Policies (Continued)

d. Fund Accounting (Continued)

Governmental Funds (Continued)

General Education Development Fund (G.E.D.) – This fund is used to account for the administration of General Education Development testing for applicants within the region.

The Institute Fund accounts for teacher registration fees. These fees are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities. This fund accounts for fees used for teacher in-service workshops or other items pertaining to the teachers in the region.

The Logan, Mason and Menard Counties Regional Office of Education No. 38 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 restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Supervisory Fund – This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

Bus Driver Fund – This fund is used to account for the testing and training of bus drivers for districts within the region.

Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held by the Logan, Mason and Menard Counties Regional Office of Education No. 38 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ROE utilizes the following agency funds:

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

2. Summary of Significant Accounting Policies (Continued)

d. Fund Accounting (Continued)

Fiduciary Funds (Continued)

School Facility Occupation Tax- The Regional Office receives proceeds generated through the school facility occupation tax. Within thirty days, the Regional Superintendent must disburse those proceeds that it receives that are collected by the Illinois Department of Revenue to each school district that has territory located in the county in which the tax was collected. The proceeds must be disbursed on an enrollment basis and allocated based upon the number of each school district's resident pupils that reside within the county collecting the tax divided by the total number of students for all school districts within the county.

Distributive Fund- This fund is used to track the flow-through of funds from the Illinois State Board of Education (ISBE) to the recipients and the programs that the Logan, Mason and Menard Counties Regional Office of Education No. 38 serves as the administrative agent.

The Logan, Mason and Menard Counties Regional Office of Education No. 38 has agreements with all districts in the region whereby the Logan, Mason and Menard Counties Regional Office of Education No. 38 is allowed to keep the interest for expenditures benefiting all districts.

e. Net Position

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

Net Investment in Capital Assets – the component of net position that reports the difference between capital assets less both accumulated depreciation and the outstanding balance of debt, excluding unexpected proceeds, that is directly attributable to the acquisition, construction or improvement of these assets.

Restricted – consists of net position with constraints placed on their use either by (1) grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

2. Summary of Significant Accounting Policies (Continued)

f. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit. The Logan, Mason and Menard Counties Regional Office of Education No. 38 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

g. Inventory

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

h. Capital Assets

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

Office equipment furniture	8 – 15 years
Computer equipment	5 – 8 years
Leasehold Improvements	15 – 25 years

i. Compensated Absences

Employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 23 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Employees who work less than 12 calendar months per year do not earn vacation days.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 240 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and therefore, no liability is accrued.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

2. Summary of Significant Accounting Policies (Continued)

j. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

k. Budget Information

The Logan, Mason and Menard Counties Regional Office of Education No. 38 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. The Regional Superintendent prepares an Operating Fund Budget and submits it to the three County Boards for their approval. None of the budgets have been legally adopted, nor are they required to be. Comparisons of budgeted and actual results are presented as supplemental information for the following: Operating Fund, ROE/ISC Operations, Truants Alternative/Optional Education Fund, Gifted Education, McKinney Education for Homeless Children and Title II-Teacher Quality-Leadership Grant.

l. 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 is not available to be spent, either short term or long term, in either form or through legal restrictions. The Regional Office of Education #38 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 accounts fund balances are restricted by grant agreements or contracts: Gifted Education, Truants Alternative/Optional Education, and McKinney Education for Homeless Children. The following funds are restricted by Illinois Statute: Institute, Bus Driver Fund and G.E.D. Fund.

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 #38 has no committed fund balances.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

2. Summary of Significant Accounting Policies (Continued)

1. Governmental Fund Balances (Continued)

Assigned Fund Balance – the portion of a Governmental Fund’s net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Substitute Teacher Fingerprinting Fund, Media Materials Fund and Land Transfer Fund.

Unassigned Fund Balance – available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the Operating Fund and the Indirect Cost Fund.

3. Deposits and Investments

a. Deposits

The Logan, Mason and Menard Counties Regional Office of Education No. 38 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

Deposits are subject to custodial credit risk if uninsured and uncollateralized or covered by collateral that is not in the Logan, Mason and Menard Counties Regional Office of Education No. 38’s name. It is the Regional Office of Education No. 38’s policy to require collateral for deposit balances above FDIC Insurance coverage. At June 30, 2013, the carrying amount and bank balance of the Logan, Mason and Menard Counties Regional Office of Education No. 38’s Governmental Activities deposits was \$139,843 and \$146,152, respectively. The Agency Fund carrying amount and bank balance was \$1,818 and \$113,386 at June 30, 2013, respectively. The entire bank balance of the Governmental Activities deposits and the Agency Funds deposits was covered by FDIC at June 30, 2013. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

b. Investments

The Logan, Mason and Menard Counties Regional Office of Education No. 38 does not have a formal investment policy. As of June 30, 2013, the Logan, Mason and Menard Counties Regional Office of Education No. 38 did not have investments.

4. Due to Other Government Agencies

The Logan, Mason and Menard Counties Regional Office of Education No. 38’s Distributive Fund and the School Facility Occupation Tax Fund have funds due to other government agencies which consist of the following:

Accumulated Interest Payable	<u>\$ 1,818</u>
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LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

5. Due (to) from Other Government Agencies

The Logan, Mason and Menard Counties Regional Office of Education No. 38's General, Institute and G.E.D. funds have funds due (to) from other government agencies which consisted of the following:

Due from other government agencies

Institute Fund	<u>\$ 74</u>
General Fund (Operating)	<u>\$ 4</u>

Due to other government agencies

General Fund (Substitute Teacher Fingerprinting)	<u>\$ 70</u>
G.E.D. Fund	<u>\$ 11</u>

6. Capital Assets

A summary of capital assets follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities				
Capital assets being depreciated:				
Office Furniture and Equipment	\$ 60,740	\$ -	\$ -	\$ 60,740
Total capital assets	\$ 60,740	\$ -	\$ -	\$ 60,740
Less accumulated depreciation for:				
Office Furniture and Equipment	\$ 41,868	\$ 3,561	\$ -	\$ 45,429
Total accumulated depreciation	\$ 41,868	\$ 3,561	\$ -	\$ 45,429
Governmental activity capital assets, net	\$ 18,872	\$ (3,561)	\$ -	\$ 15,311

Depreciation policies are disclosed in note 2. Depreciation expense for the fiscal year ended June 30, 2013 was \$3,561.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

7. Pension Plan

Plan Description. The employer'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 employer 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 Logan, Mason and Menard Counties Regional Office of Education No. 38's Regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2012 used by Logan, Mason and Menard Counties Regional Office of Education No. 38 was 10.49 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 23.76 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For calendar year ending December 31, 2012, the Logan, Mason and Menard Counties Regional Office of Education No. 38's actual contributions for pension cost for the Regular plan were \$12,734. Its required contribution for calendar year 2012 was \$28,842.

Three Year Trend Information for Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 28,842	44%	\$16,108
12/31/11	28,792	48%	15,044
12/31/10	25,325	49%	12,906

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 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Logan, Mason and Menard Counties Regional Office of Education No. 38's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

7. Pension Plan (Continued)

The Logan, Mason and Menard Counties Regional Office of Education No. 38'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 73.36 percent funded. The actuarial accrued liability for benefits was \$744,604 and the actuarial value of assets was \$546,278, resulting in an underfunded actuarial accrued liability (UAAL) of \$198,326. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$121,387 and the ratio of the UAAL to the covered payroll was 163 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.

8. Risk Management

The Logan, Mason and Menard Counties Regional Office of Education No. 38 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

9. On Behalf Payments

The State of Illinois paid the following salaries and benefits on behalf of the Logan, Mason and Menard Counties Regional Office of Education No. 38:

Regional Superintendent	\$	103,032
Regional Superintendent fringe benefits (includes State paid insurance)		29,958
Assistant Regional Superintendent		92,736
Assistant Regional Superintendent fringe benefits (includes State paid insurance)		29,332
Teachers Retirement System Contributions		54,913
Total	\$	<u>309,971</u>

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

NOTES TO FINANCIAL STATEMENTS
(Continued)

FOR THE YEAR ENDED JUNE 30, 2013

9. On-Behalf Payments (Continued)

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

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

10. Transfers

There were no transfers in or out for the year ended June 30, 2013.

11. Subsequent Event

Management has evaluated subsequent events through June 24, 2014, the date which the financial statements were available for issue. In accordance with Public Act 97-0703 on July 1, 2015, the existing three county structure of the Regional Office of Education No. 38 will be dissolved and the counties will be aligned with three existing Education Service Regions.

12. Other Postemployment Benefits

The Regional Office of Education No. 38 has evaluated its potential other post employment benefits liability. Former employees who choose to retain their rights to health insurance through the Regional Office of Education No. 38 are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Regional Office of Education No. 38's health insurance plan. Therefore, there has been zero percent utilization and therefore no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. Additionally, the Regional Office of Education No. 38 had no former employees for which the Regional Office of Education No. 38 was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Regional Office of Education No. 38 has not recorded any post employment benefit liability as of June 30, 2013.

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

JUNE 30, 2013

REQUIRED SUPPLEMENTARY INFORMATION

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)
12/31/2012	\$ 546,278	\$ 744,604	\$ 198,326	73.36	\$ 121,387	163.38%
12/31/2011	589,008	789,420	200,412	74.61	144,104	139.07%
12/31/2010	555,463	736,865	181,402	75.38	143,241	126.64%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$568,073. On a market basis, the funded ratio would be 76.29%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Logan, Menard, Mason Regional Office of Education No. 38. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

See accompanying Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING SCHEDULE OF ACCOUNTS

GENERAL FUND

JUNE 30, 2013

	Operating fund	Indirect cost fund	Land Transfer Fund	Media Materials Fund	Substitute Teacher Fingerprinting Fund	Total
Assets:						
Cash and cash equivalents	\$ 35,801	\$ 3,065	\$ 146	\$ 3,344	\$ 1,722	\$ 44,078
Accounts receivable	-	-	-	-	-	-
Due from other government agencies	4	-	-	-	-	4
Total assets	\$ 35,805	\$ 3,065	\$ 146	\$ 3,344	\$ 1,722	\$ 44,082
Liabilities:						
Due to other governmental agencies	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ 70
Fund balance:						
Assigned	\$ -	\$ -	\$ 146	\$ 3,344	\$ 1,652	\$ 5,142
Unassigned	35,805	3,065	-	-	-	38,870
Total Fund Balance	\$ 35,805	\$ 3,065	\$ 146	\$ 3,344	\$ 1,652	\$ 44,012
Total liabilities and fund balance	\$ 35,805	\$ 3,065	\$ 146	\$ 3,344	\$ 1,722	\$ 44,082

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

GENERAL FUND ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2013

	Operating fund	Indirect cost fund	Land Transfer fund	Media Materials Fund	Substitute Teacher Fingerprinting Fund	Total
Revenue:						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	120,696	1,820	-	-	3,284	125,800
On-behalf payments - State	309,971	-	-	-	-	309,971
Total revenues	<u>\$430,667</u>	<u>\$ 1,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,284</u>	<u>\$ 435,771</u>
Expenditures:						
Salaries	\$ 94,526	\$ 1,525	\$ -	\$ -	\$ -	\$ 96,051
Employee benefits	19,482	116	-	-	-	19,598
Purchased services	7,681	59	80	-	-	7,820
Supplies and materials	994	-	-	-	-	994
Capital Outlay	-	-	-	-	-	-
Other objects	2,926	-	-	1,900	3,036	7,862
Administrative:						
On behalf payments - State	309,971	-	-	-	-	309,971
Total expenditures	<u>\$435,580</u>	<u>\$ 1,700</u>	<u>\$ 80</u>	<u>\$ 1,900</u>	<u>\$ 3,036</u>	<u>\$ 442,296</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ (4,913)</u>	<u>\$ 120</u>	<u>\$ (80)</u>	<u>\$ (1,900)</u>	<u>\$ 248</u>	<u>\$ (6,525)</u>
Other financing sources/(uses):						
Interest	\$ 21	\$ -	\$ -	\$ 12	\$ -	\$ 33
Total other financing sources/(uses)	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 33</u>
Net changes in fund balances	\$ (4,892)	\$ 120	\$ (80)	\$ (1,888)	\$ 248	\$ (6,492)
Fund balances - July 1, 2012	<u>40,697</u>	<u>2,945</u>	<u>226</u>	<u>5,232</u>	<u>1,404</u>	<u>50,504</u>
Fund balances - June 30, 2013	<u>\$ 35,805</u>	<u>\$ 3,065</u>	<u>\$ 146</u>	<u>\$ 3,344</u>	<u>\$ 1,652</u>	<u>\$ 44,012</u>

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND ACCOUNTS - OPERATING FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted amounts		Actual amounts
	Original	Final	
Revenue:			
Local sources	\$ 129,415	\$ 129,415	\$ 120,696
On-behalf payments - State	-	-	309,971
Total revenues	<u>\$ 129,415</u>	<u>\$ 129,415</u>	<u>\$ 430,667</u>
Expenditures:			
Salaries	\$ 95,695	\$ 95,695	\$ 94,526
Employee benefits	22,170	22,170	19,482
Purchased services	6,850	6,850	7,681
Supplies and materials	2,000	2,000	994
Other objects	2,700	2,700	2,926
Administrative:			
On-behalf payments - State	-	-	309,971
Total expenditures	<u>\$ 129,415</u>	<u>\$ 129,415</u>	<u>\$ 435,580</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,913)</u>
Other financing sources/(uses):			
Interest	\$ -	\$ -	\$ 21
Total other financing sources/(uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>
Net changes in fund balances	\$ -	\$ -	\$ (4,892)
Fund balances - July 1, 2012	-	-	40,697
Fund balances - June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,805</u>

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING SCHEDULE OF ACCOUNTS

EDUCATION FUND

JUNE 30, 2013

	<u>ROE/ISC Operations</u>	<u>Truants Alternative/ Optional Education</u>	<u>McKinney Education for Homeless Children</u>	<u>Gifted Education</u>	<u>Title II - Teacher Quality - Leadership Grant</u>	<u>Total</u>
Assets:						
Cash and cash equivalents	\$ -	\$ 5	\$ 118	\$ 71	\$ -	\$ 194
Accounts receivable	-	-	774	-	1,993	2,767
Total assets	\$ -	\$ 5	\$ 892	\$ 71	\$ 1,993	\$ 2,961
Liabilities:						
Excess of outstanding checks over bank balance	\$ -	\$ -	\$ -	\$ -	\$ 1,993	\$ 1,993
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ 1,993	\$ 1,993
Fund balance, restricted	\$ -	\$ 5	\$ 892	\$ 71	\$ -	\$ 968
Total liabilities and fund balance	\$ -	\$ 5	\$ 892	\$ 71	\$ 1,993	\$ 2,961

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

EDUCATION FUND ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>ROE/ISC Operations</u>	<u>Truants Alternative/ Optional Education</u>	<u>McKinney Education for Homeless Children</u>	<u>Gifted Education</u>	<u>Title II - Teacher Quality - Leadership Grant</u>	<u>Total</u>
Revenue:						
Federal sources	\$ -	\$ -	\$ 8,388	\$ -	\$ 1,993	\$10,381
State sources	25,201	57,312	-	-	-	82,513
Total revenues	<u>\$ 25,201</u>	<u>\$ 57,312</u>	<u>\$ 8,388</u>	<u>\$ -</u>	<u>\$ 1,993</u>	<u>\$92,894</u>
Expenditures:						
Salaries	\$ -	\$ 44,500	\$ 6,604	\$ -	\$ 75	\$51,179
Employee benefits	-	8,001	544	-	18	8,563
Purchased services	25,201	4,199	603	-	1,900	31,903
Supplies and materials	-	600	637	-	-	1,237
Total expenditures	<u>\$ 25,201</u>	<u>\$ 57,300</u>	<u>\$ 8,388</u>	<u>\$ -</u>	<u>\$ 1,993</u>	<u>\$92,882</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>
Other financing sources/(uses):						
Interest	\$ -	\$ (7)	\$ -	\$ -	\$ -	\$ (7)
Total other financing sources/(uses)	<u>\$ -</u>	<u>\$ (7)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7)</u>
Net changes in fund balances	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ 5
Fund balances - July 1, 2012	-	-	892	71	-	963
Fund balances - June 30, 2013	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 892</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 968</u>

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

BUDGETARY COMPARISON SCHEDULE

EDUCATION FUND ACCOUNTS - ROE/ISC OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted amounts</u>		<u>Actual amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenue:			
State sources	\$ 25,201	\$ 25,201	\$ 25,201
Total revenues	<u>\$ 25,201</u>	<u>\$ 25,201</u>	<u>\$ 25,201</u>
Expenditures:			
Salaries	\$ -	\$ -	\$ -
Employee benefits	-	-	-
Purchased services	25,201	25,201	25,201
Supplies and materials	-	-	-
Capital outlay	-	-	-
Payments to other governments	-	-	-
Total expenditures	<u>\$ 25,201</u>	<u>\$ 25,201</u>	<u>\$ 25,201</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other financing sources/(uses):			
Interest	\$ -	\$ -	\$ -
Total other financing sources/(uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net changes in fund balances	\$ -	\$ -	\$ -
Fund balances - July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

BUDGETARY COMPARISON SCHEDULE

EDUCATION FUND ACCOUNTS - TRUANTS ALTERNATIVE/OPTIONAL EDUCATION

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted amounts</u>		<u>Actual amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenue:			
State sources	\$ 57,312	\$ 57,312	\$ 57,312
Total revenues	<u>\$ 57,312</u>	<u>\$ 57,312</u>	<u>\$ 57,312</u>
Expenditures:			
Salaries	\$ 42,500	\$ 44,500	\$ 44,500
Employee benefits	8,017	8,017	8,001
Purchased services	6,295	4,295	4,199
Supplies and materials	500	500	600
Capital outlay	-	-	-
Payments to other governments	-	-	-
Total expenditures	<u>\$ 57,312</u>	<u>\$ 57,312</u>	<u>\$ 57,300</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>
Other financing sources/(uses):			
Interest	\$ -	\$ -	\$ (7)
Total other financing sources/(uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7)</u>
Net changes in fund balances	\$ -	\$ -	\$ 5
Fund balances - July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5</u></u>

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

BUDGETARY COMPARISON SCHEDULE

EDUCATION FUND ACCOUNTS - MCKINNEY EDUCATION FOR HOMELESS CHILDREN

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	\$ 8,006	\$ 8,006	\$ 8,388
Total revenues	<u>\$ 8,006</u>	<u>\$ 8,006</u>	<u>\$ 8,388</u>
Expenditures:			
Salaries	\$ 5,904	\$ 5,904	\$ 6,604
Employee benefits	498	498	544
Purchased services	1,454	1,454	603
Supplies and materials	150	150	637
Total expenditures	<u>\$ 8,006</u>	<u>\$ 8,006</u>	<u>\$ 8,388</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net changes in fund balances	\$ -	\$ -	\$ -
Fund balances - July 1, 2012	<u>-</u>	<u>-</u>	<u>892</u>
Fund balances - June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 892</u></u>

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

BUDGETARY COMPARISON SCHEDULE

EDUCATION FUND ACCOUNTS - TITLE II - TEACHER QUALITY - LEADERSHIP GRANT

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted amounts</u>		<u>Actual amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenue:			
Federal sources	\$ 1,993	\$ 1,993	\$ 1,993
Total revenues	<u>\$ 1,993</u>	<u>\$ 1,993</u>	<u>\$ 1,993</u>
Expenditures:			
Salaries	\$ 75	\$ 75	\$ 75
Employee benefits	18	18	18
Purchased services	<u>1,900</u>	<u>1,900</u>	<u>1,900</u>
Total expenditures	<u>\$ 1,993</u>	<u>\$ 1,993</u>	<u>\$ 1,993</u>
Net changes in fund balances	\$ -	\$ -	\$ -
Fund balances - July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2013

	<u>Supervisory fund</u>	<u>Bus driver fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 3,290</u>	<u>\$ 3,290</u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ 3,290</u></u>	<u><u>\$ 3,290</u></u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, restricted	<u>\$ -</u>	<u>\$ 3,290</u>	<u>\$ 3,290</u>
Total liabilities and fund balance	<u><u>\$ -</u></u>	<u><u>\$ 3,290</u></u>	<u><u>\$ 3,290</u></u>

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Supervisory fund	Bus driver fund	Total
Revenue:			
State sources	\$ -	\$ 854	\$ 854
Local sources	-	1,792	1,792
Total revenues	<u>\$ -</u>	<u>\$ 2,646</u>	<u>\$ 2,646</u>
Expenditures:			
Purchased services	\$ -	\$ 2,028	\$ 2,028
Supplies and materials	-	36	36
Total expenditures	<u>\$ -</u>	<u>\$ 2,064</u>	<u>\$ 2,064</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>\$ -</u>	<u>\$ 582</u>	<u>\$ 582</u>
Other financing sources/(uses):			
Transfer out	\$ -	\$ -	\$ -
Interest	-	-	-
Total other financing sources/(uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net changes in fund balances	\$ -	\$ 582	\$ 582
Fund balances - July 1, 2012	-	2,708	2,708
Fund balances - June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ 3,290</u></u>	<u><u>\$ 3,290</u></u>

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

JUNE 30, 2013

	<u>School Facility Occupation Tax</u>	<u>Distributive fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	<u>\$ 365</u>	<u>\$ 1,453</u>	<u>\$ 1,818</u>
Total assets	<u><u>\$ 365</u></u>	<u><u>\$ 1,453</u></u>	<u><u>\$ 1,818</u></u>
Liabilities:			
Due to other government agencies	<u>\$ 365</u>	<u>\$ 1,453</u>	<u>\$ 1,818</u>
Total liabilities	<u><u>\$ 365</u></u>	<u><u>\$ 1,453</u></u>	<u><u>\$ 1,818</u></u>

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Distributive fund:				
Assets:				
Cash and cash equivalents	\$ 1,620	\$ 608,455	\$ 608,622	\$ 1,453
Total assets	<u>\$ 1,620</u>	<u>\$ 608,455</u>	<u>\$ 608,622</u>	<u>\$ 1,453</u>
Liabilities:				
Due to other government agencies	\$ 1,620	\$ 608,455	\$ 608,622	\$ 1,453
Total liabilities	<u>\$ 1,620</u>	<u>\$ 608,455</u>	<u>\$ 608,622</u>	<u>\$ 1,453</u>
School Facility Occupation Tax Fund:				
Assets:				
Cash and cash equivalents	\$ 181	\$ 1,773,834	\$ 1,773,650	\$ 365
Total Assets	<u>\$ 181</u>	<u>\$ 1,773,834</u>	<u>\$ 1,773,650</u>	<u>\$ 365</u>
Liabilities:				
Due to other government agencies	\$ 181	\$ 1,773,834	\$ 1,773,650	\$ 365
Total liabilities	<u>\$ 181</u>	<u>\$ 1,773,834</u>	<u>\$ 1,773,650</u>	<u>\$ 365</u>
Total all agency funds:				
Assets:				
Cash and cash equivalents	\$ 1,801	\$ 2,382,289	\$ 2,382,272	\$ 1,818
Total assets	<u>\$ 1,801</u>	<u>\$ 2,382,289</u>	<u>\$ 2,382,272</u>	<u>\$ 1,818</u>
Liabilities:				
Due to other government agencies	\$ 1,801	\$ 2,382,289	\$ 2,382,272	\$ 1,818
Total liabilities	<u>\$ 1,801</u>	<u>\$ 2,382,289</u>	<u>\$ 2,382,272</u>	<u>\$ 1,818</u>

See accompanying Independent Auditors' Report.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 38

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS
AND OTHER ENTITIES

DISTRIBUTIVE FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Robert G. Rogers	Regional Superintendent of Schools	Regional Vocational Delivery System	Salt Creek Academy	Total
General State Aid	\$ -	\$ -	-	\$ 128,496	\$ 128,496
Rural Education Achievement Program (REAP)	-	-	-	19,772	19,772
CTE - Perkins - Secondary	-	-	62,723	-	62,723
Career and Technical Ed Improvement (CTEI)	-	-	255,166	-	255,166
Truants Alternative/Optional Education	-	57,312	-	-	57,312
Regional Safe Schools	-	-	-	52,422	52,422
ROE School Bus Driver Training	-	854	-	-	854
ROE/ISC Operations	-	25,201	-	-	25,201
Reorganization Incentive-Feasibility Study	6,500	-	-	-	6,500
Totals	\$ 6,500	\$ 83,367	\$ 317,889	\$ 200,690	\$ 608,446

See accompanying Independent Auditors' Report.