

STATE OF ILLINOIS
ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Financial Audit

For the Year Ended

June 30, 2012

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

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ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Agency Officials

June 30, 2012

Regional Superintendent: Ms. Deborah Niederhauser

Assistant Regional Superintendent: Ms. Jill Reis

Offices are located at:

Adams County Courthouse
507 Vermont Street
Quincy, Illinois 62301

and

1267 East Washington
Pittsfield, Illinois 62363

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

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	0	3
Repeated audit findings	0	3
Prior recommendations implemented or not repeated	3	0

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
None		FINDINGS (GOVERNMENT AUDITING STANDARDS)	
		PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)	
11-1		Transactions of two entities are recorded in one accounting system	
11-2		Controls over financial statement preparation	
11-3		Expenditure reports did not agree to general ledger	

EXIT CONFERENCE

An informal exit conference was held on September 12, 2012. Attending were Deborah Niederhauser, Regional Superintendent of Schools, and Cynthia Le, Senior Accountant of Martin, Hood, Friese & Associates, LLC. There were no findings to discuss.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Financial Statement Report Summary

For the Year Ended June 30, 2012

The audit of the accompanying basic financial statements of the Adams and Pike Counties Regional Office of Education #1 was performed by Martin, Hood, Friese & Associates, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the Adams and Pike Counties Regional Office of Education #1's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Adams and Pike Counties Regional Office of Education #1 (the ROE) as of and for the year ended June 30, 2012, which collectively comprise the ROE's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Adams and Pike Counties Regional Office of Education #1's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Adams and Pike Counties Regional Office of Education #1 as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 15, 2013, on our consideration of the Adams and Pike Counties Regional Office of Education #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The

purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 12 through 16 and page 40, respectively, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adams and Pike Counties Regional Office of Education #1's financial statements. The combining and individual non-major fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to Schools District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 non-major fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to Schools District Treasurers and Other Entities are fairly stated in all material respects in relation to the financial statements taken as a whole.

Martin, Wood, Fries & Associates, LLC

Champaign, Illinois
April 15, 2013

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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Adams and Pike Counties Regional Office of Education #1 (the ROE) as of and for the year ended June 30, 2012, which collectively comprise the Adams and Pike Counties Regional Office of Education #1's basic financial statements and have issued our report thereon dated April 15, 2013. 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.

Internal Control over Financial Reporting

Management of the ROE is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the ROE's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ROE's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ROE's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ROE's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the entity, and the Illinois State Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Martin, Wood, Fries & Associates, LLC

Champaign, Illinois
April 15, 2013

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Schedule of Findings and Responses
Section I – Summary of Auditors’ Results

For the Year Ended June 30, 2012

Financial Statements

Type of auditors’ report issued:	<i>Unqualified</i>	
Internal control over financial reporting:		
Material weakness(es) Identified?	___ yes	<u> X </u> no
Significant deficiency(ies) identified?	___ yes	<u> X </u> no
Noncompliance material to financial statements noted?	___ yes	<u> X </u> no

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Schedule of Findings and Responses
Section II – Financial Statement Findings

For the Year Ended June 30, 2012

FINDING: NONE

CRITERIA/SPECIFIC REQUIREMENT: N/A

CONDITION: N/A

EFFECT: N/A

CAUSE: N/A

RECOMMENDATION: N/A

MANAGEMENT'S RESPONSE: N/A

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Corrective Action Plan

For the Year Ended June 30, 2012

No findings were noted during the audit of fiscal year 2012; therefore, no corrective action plan was drafted by management.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Summary Schedule of Prior Audit Findings

June 30, 2012

Prior Finding Number	Condition	Current Status
11-1	Transactions of two entities are recorded in one accounting system	Not Repeated
11-2	Controls over financial statement preparation	Not Repeated
11-3	Expenditure reports did not agree to the general ledger	Not Repeated

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Adams and Pike Counties Regional Office of Education #1 (the ROE) 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, 2012. We encourage readers to consider this information in conjunction with the ROE's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

Governmental Fund revenues decreased from \$2,007,539 in fiscal year 2011 (FY11) to \$1,506,965 in fiscal year 2012 (FY12), while Governmental Fund expenditures decreased from \$1,723,314 in FY11 to \$1,574,250 in FY12. This resulted in a decrease in the Governmental Fund balance from \$618,788 in FY11 to \$551,503 in FY12, a 10.9% decrease from the prior year. The decreases were due to a dramatic decrease in funding from the state of Illinois and decreases in other grant funding as well.

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 ROE's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE as a whole and present an overall view of the ROE'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 ROE's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with a comparison of the ROE's budget for the year and provides detailed information about the nonmajor funds.

REPORTING THE AGENCY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The Government-wide statements report information about the ROE as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all the ROE'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 ROE's net assets and how they have changed. Net assets – the difference between the ROE's assets and liabilities – are one way to measure the agency's financial health or position.

- Over time, increases or decreases in the ROE's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the ROE's overall health, additional non-financial factors, such as a change in the ROE's responsibilities and staffing, need to be considered.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In the Government-wide financial statements, the ROE's activities are reported as:

- *Governmental activities:* All of the ROE's services are included here, such as Regional Safe Schools instruction, drug prevention education, instructional staff support services and administration. Federal and State grants finance most of these activities.

Fund Financial Statements

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

The ROE has two kinds of funds:

- 1) Governmental funds account for all of the ROE's services. These focus on how cash and other financial assets can readily be converted to cash flow and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the ROE's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information immediately following each of the governmental fund statements explains the relationship or difference between the two statements. The ROE's governmental funds include: 1) the General Fund, and 2) the Special Revenue funds.
- 2) Fiduciary funds account for funds received from the State Board of Education and distributed to school districts and other organizations in the region.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The ROE's net assets at the end of FY12 totaled \$577,873. This is compared to \$676,815 at the end of FY11. The analysis that follows provides a summary of the ROE's net assets at June 30, 2012 and 2011 for governmental activities.

	Condensed Statement of Net Assets	
	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Current and other assets	\$587,891	\$895,492
Capital assets	26,370	37,033
Total assets	614,261	932,525
Other liabilities	36,388	255,710
Total liabilities	36,388	225,710
Net assets:		
Invested in capital assets	26,370	37,033
Restricted for educational purposes	47,687	153,374
Unrestricted	503,816	486,408
Total net assets	\$577,873	\$676,815

MANAGEMENT'S DISCUSSION AND ANALYSIS

The ROE's combined net assets decreased by \$98,942 from FY11. The decrease was a result of decreased revenues during the year ended June 30, 2012. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

The following analysis shows the changes in net assets for the years ended June 30, 2012 and 2011.

	Change in Net Assets	
	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 969,798	\$ 1,161,157
Capital grants and contributions	3,720	-
General revenues:		
Registration, certification and permit fees	91,090	93,530
Local sources	196,305	285,655
State sources	-	93,723
On-behalf payments	224,541	216,353
Interest income	517	346
Total revenues	1,485,971	1,850,764
Program expenses:		
Instructional services	1,360,372	1,523,076
Administrative expenses:		
On-behalf payments - state	224,541	216,353
Total expenses	1,584,913	1,739,429
Change in net assets	(98,942)	111,335
Net assets, beginning of year	676,815	590,350
Prior period adjustment	-	(24,870)
Net assets, end of year	\$ 577,873	\$ 676,815

Operating and capital grants and contributions from local, state and federal sources account for 65.5% of the total revenue. The ROE's expenses primarily relate to instructional services, which account for 85.8% of the total expenses.

Governmental activities

Revenues from governmental activities were \$1,485,971 and expenses were \$1,584,913. In a difficult budget year, the ROE was unable to keep expenditures below revenue, which resulted in a decrease in net assets.

FINANCIAL ANALYSIS OF THE ROE'S FUNDS

As previously noted, the Adams and Pike Counties Regional Office of Education #1 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The ROE's governmental funds reported a combined fund balance of \$551,503, which is below last year's ending fund balance of \$618,788. The primary reason for the decrease in combined fund balances in FY12 was a decrease in revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Fund Highlights

- The ROE's decreasing General Fund position is the result of decreasing revenue from multiple sources.
- The ROE's decreasing Education Fund position is the result of decreasing revenues.

BUDGETARY HIGHLIGHTS

The ROE was not required to adopt annual budgets for all funds under its control and is not legally required to do so. The ROE submits its budget to the State Board of Education and all other grantors that require it. The budgets may be amended during the year utilizing procedures prescribed by the particular grantor. Over the course of the year, the ROE amended certain operating budgets to reflect additional revenue and expenditures associated with the additional services needed and provided. Budgetary comparison schedules are provided for various grant specific funds as supplementary information on pages 47 to 56.

CAPITAL ASSETS

At June 30, 2012, the ROE had invested \$26,370, net of accumulated depreciation, in various capital assets including computers, furniture and equipment. Current year asset additions were \$3,720.

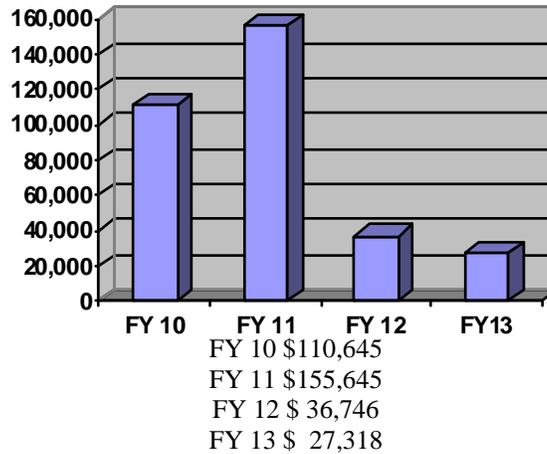
The ROE had depreciation expense of \$14,383 in FY12 and total accumulated depreciation of \$271,288 at June 30, 2012. More detailed information about capital assets is available in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- The ROE experienced reduced funding for ROE operations in three of the prior four years.
- The ROE expects the County to maintain level funding for many years to come.

ROE Operations Grant



The ROE operations grant has decreased 75% through FY 13.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the ROE's financial statement users with a general overview of the ROE's finances and to demonstrate the ROE's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Regional Superintendent of the Adams and Pike Counties Regional Office of Education #1, 507 Vermont, Quincy, IL 62301.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Statement of Net Assets

June 30, 2012

	Governmental Activities
ASSETS	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 565,245
Receivables:	
Accounts	1,800
Grants	20,846
Total Current Assets	587,891
<i>Non-Current Assets</i>	
Capital Assets:	
Depreciable Capital Assets	26,370
Total Non-Current Assets	26,370
Total Assets	614,261
LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	8,387
Accrued Payroll and Benefits	500
Due To Other Governmental Unit	27,501
Total Current Liabilities	36,388
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	26,370
Restricted for Educational Purposes	47,687
Unrestricted	503,816
Total Net Assets	\$ 577,873

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Statement of Activities

For the Year Ended June 30, 2012

		Program Revenues		Net (Expense) Revenues and Change in Net Assets
		Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	<u>Expenses</u>			
Governmental Activities				
Instructional Services:				
Salaries and Benefits	\$ 645,041	\$ 484,882	\$ -	\$ (160,159)
Purchased Services	178,144	102,923	-	(75,221)
Travel and Entertainment	62,947	49,507	-	(13,440)
Supplies and Materials	25,929	23,194	-	(2,735)
Institute Expenses and Workshops	8,345	-	-	(8,345)
Depreciation	14,383	-	-	(14,383)
Capital Outlay	-	-	3,720	3,720
Communication	2,652	296	-	(2,356)
Postage and Copies	7,148	353	-	(6,795)
Payment to Other Government Units	408,131	308,643	-	(99,488)
Miscellaneous	7,652	-	-	(7,652)
Administrative:				
Salaries and Benefits - On Behalf Payments	224,541	-	-	(224,541)
Total Governmental Activities	<u>\$ 1,584,913</u>	<u>\$ 969,798</u>	<u>\$ 3,720</u>	<u>(611,395)</u>
		General Revenues:		
		Registration, Certification, and Permit Fees		91,090
		Local Sources		196,305
		State Sources		-
		State Sources - on Behalf Payments		224,541
		Interest Income		517
		Total General Revenues		<u>512,453</u>
		Change in Net Assets		(98,942)
		Net Assets - Beginning of Year		<u>676,815</u>
		Net Assets - End of Year		<u>\$ 577,873</u>

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Balance Sheet

Governmental Funds

June 30, 2012

	Major Funds		Non-Major Special Revenue Funds	Total Governmental Funds
	General Fund	Education Fund		
ASSETS				
Cash and Cash Equivalents	\$ 470,000	\$ 17,042	\$ 78,203	\$ 565,245
Due from Other Funds	33,503	-	-	33,503
Receivables:				
Accounts	1,800	-	-	1,800
Grants	-	20,846	-	20,846
Total Assets	<u>\$ 505,303</u>	<u>\$ 37,888</u>	<u>\$ 78,203</u>	<u>\$ 621,394</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Other Funds	\$ -	\$ 33,503	\$ -	\$ 33,503
Accounts Payable	987	5,345	2,055	8,387
Accrued Payroll and Benefits	500	-	-	500
Deferred Revenue	-	-	-	-
Due To Other Governmental Unit	-	27,501	-	27,501
Total Liabilities	<u>1,487</u>	<u>66,349</u>	<u>2,055</u>	<u>69,891</u>
FUND BALANCES				
Restricted	-	18,168	76,148	94,316
Assigned	79,131	-	-	79,131
Unassigned	424,685	(46,629)	-	378,056
Total Fund Balance	<u>503,816</u>	<u>(28,461)</u>	<u>76,148</u>	<u>551,503</u>
Total Liabilities and Fund Balances	<u>\$ 505,303</u>	<u>\$ 37,888</u>	<u>\$ 78,203</u>	<u>\$ 621,394</u>

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

Governmental Funds

June 30, 2012

Total Fund Balances - Governmental Funds		\$	551,503
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
Capital Asset Cost	297,658		
Accumulated Depreciation	<u>(271,288)</u>		
			<u>26,370</u>
Net Assets of Governmental Activities		\$	<u><u>577,873</u></u>

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Statement of Revenues, Expenditures and
Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2012

	Major Funds		Non-Major Special Revenue Funds	Total Governmental Funds
	General Fund	Education Fund		
Revenues				
Registration, Certification, and Permit Fees	\$ 44,009	\$ -	\$ 47,081	\$ 91,090
Local Sources	150,486	45,819	-	196,305
State Sources	258,719	505,163	852	764,734
State Sources - On Behalf Payments	224,541	-	-	224,541
Federal Sources	-	229,778	-	229,778
Interest Income	501	-	16	517
Total Revenues	<u>678,256</u>	<u>780,760</u>	<u>47,949</u>	<u>1,506,965</u>
Expenditures				
Instructional Services:				
Salaries and Benefits	144,891	499,912	238	645,041
Salaries and Benefits - On Behalf Payments	224,541	-	-	224,541
Purchased Services	75,189	92,480	10,475	178,144
Travel and Entertainment	10,303	47,999	4,645	62,947
Supplies and Materials	1,074	23,194	1,661	25,929
Institute Expenses and Workshops	13	-	8,332	8,345
Communication	1,765	296	591	2,652
Postage and Copies	6,823	325	-	7,148
Payment to Other Government Units	248,942	159,189	-	408,131
Miscellaneous	3,839	-	3,813	7,652
Capital Outlay	-	3,720	-	3,720
Total Expenditures	<u>717,380</u>	<u>827,115</u>	<u>29,755</u>	<u>1,574,250</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(39,124)</u>	<u>(46,355)</u>	<u>18,194</u>	<u>(67,285)</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(39,124)	(46,355)	18,194	(67,285)
Fund Balance, Beginning of Year	<u>542,940</u>	<u>17,894</u>	<u>57,954</u>	<u>618,788</u>
Fund Balance (Deficit), End of Year	<u>\$ 503,816</u>	<u>\$ (28,461)</u>	<u>\$ 76,148</u>	<u>\$ 551,503</u>

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities

Governmental Funds

For the Year Ended June 30, 2012

Net Change in Fund Balances		\$ (67,285)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds		(20,994)
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital Outlay	3,720	
Depreciation Expense	<u>(14,383)</u>	
		<u>(10,663)</u>
Change in Net Assets of Governmental Activities		<u><u>\$ (98,942)</u></u>

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Statement of Fiduciary Net Assets

Fiduciary Fund

June 30, 2012

	<u>Agency Fund</u>
ASSETS	
Cash	<u>\$ 2</u>
LIABILITIES	
Accumulated Interest Payable	<u>\$ 2</u>

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

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

1. Summary of Significant Accounting Policies

The financial statements of Adams and Pike Counties Regional Office of Education #1 (the ROE) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The more significant accounting policies established by GAAP and used by the ROE are discussed below.

For the year ended June 30, 2012, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*; and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. These standards had no impact on the financial reporting of the ROE for the year ended June 30, 2012.

a. Reporting Entity

The ROE was formed under the provisions of the State of Illinois, Illinois State Board of Education.

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

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

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

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

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

For the period ended June 30, 2012, the ROE applied for, received and administered numerous state and federal programs and grants in assistance and support of the educational activities of the school districts in the ROE. Such activities are reported as a single special revenue fund (Education Fund).

b. Scope of the Reporting Entity

The ROE includes all related organizations for which it exercises oversight responsibility. The ROE has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the ROE, including districts or joint agreements, which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the ROE exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

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

c. Basic Financial Statements

The ROE's basic financial statements include both government-wide financial statements (reporting the ROE as a whole) and fund financial statements (reporting the ROE's major and other funds).

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the ROE as a whole. They include all funds of the ROE. Fiduciary funds are excluded from the government-wide financial statements. The Statement of Net Assets and the Statement of Activities include the governmental activities. Governmental activities for the ROE include programs supported primarily by state and federal grants and other intergovernmental revenues. Internal balances and activities within the ROE's governmental funds are eliminated in the government-wide financial statements.

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting (as described in Note 1.d).

Fund Financial Statements

Fund financial statements of the ROE are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. The ROE's funds are organized into two major categories: governmental and fiduciary funds. An emphasis is placed on major funds within the fund financial statements. A fund is considered major if it is the primary operating fund of the ROE or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting (as described in Note 1.d)

Governmental Funds

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the ROE:

General Fund – The General Fund is the main operating fund of the ROE and is always classified as a major fund. It is used to account for all financial resources in the Region except those required to be accounted for and reported in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes. The ROE maintains one major special revenue fund and five non-major special revenue funds.

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

The Major Special Revenue Fund is:

Education Fund – The Education 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.

Fiduciary Fund

Agency Funds – Agency funds consist of funds received from the State Board of Education and distributed by the ROE to school districts and other organizations. These funds are custodial in nature and do not involve the measurement of the results of operations. The ROE has one agency fund.

d. Basis of Accounting

Accrual

Governmental activities in the government-wide financial statements and the fiduciary fund financial statement are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it becomes both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The ROE considers receipts within 60 days of year end to be available. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements. Expenditures generally are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is expenditures for other long-term obligations, which are recognized when payment is due.

Various grants are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period if applicable to the fiscal year and collected within 60 days of fiscal year end. All other revenue items are considered to be measured and available when cash is received by the ROE.

e. Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

f. Receivables – Net of Allowances

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management’s best estimate of amounts that will be collected. The allowance for doubtful accounts is based on management’s assessment of collectability of accounts. All accounts deemed to be uncollectible are written off to the allowance for doubtful accounts. The total allowance as of June 30, 2012 was \$0.

g. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that substantially increase the useful life of a capital asset are capitalized. Maintenance, repairs, and minor additions and expenditures are expensed as incurred. Contributed capital assets are reported at estimated fair market value as of the date of donation.

Depreciation on all assets is computed and recorded using the straight-line method over the following estimated useful lives.

Office Equipment	5 years
Office Furniture	7 years

h. Net Assets

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

- Invested in capital assets – consists of capital assets, net of accumulated depreciation.
- Restricted net assets – Consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

i. Restricted Net Assets

Assets that are not available to finance general operations of the ROE are reported as restricted on the Statement of Net Assets. Under the terms of grant agreements, the ROE 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 ROEs policy to first apply restricted funds, then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

j. Fund Balance

The components of fund balance indicate the extent to which there are constraints on the specific purposes for which amounts in the fund can be spent. The fund balance classifications are as follows:

- Restricted – The portion of net assets that are subject to external enforceable legal restrictions.

The fund balance of the following sub-funds (accounts) in the Education Fund are restricted by grant agreements or contracts:

- Gifted Education
- State Free Lunch and Breakfast
- McKinney Education for Homeless Children
- Regional Safe Schools
- Technology Prep Additional
- ARRA – General State Aid
- System of Support
- Teachers and Administrators Mentoring Program
- Truants Alternative & Optional Education

The following funds are restricted by Illinois Statute:

- Institute
 - General Education Development
 - Bus Driver Fees
 - Pike County Film Cooperative
- Assigned – The portion of a Governmental Fund’s net assets to denote an intended use of resources. The accounts presented with assigned fund balances are specified for particular purpose by the Regional Superintendent.

The fund balance of the following accounts in the General Fund are comprised of assigned fund balance:

- Fingerprinting
 - School Directory
 - School Crisis Assistance Team
 - Local Fees
- Unassigned – Available expendable financial resources in a governmental fund that are not designated for a specific purpose.

The fund balance of the following accounts are comprised of unassigned fund balance:

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

- General Operations
- General State Aid
- Miscellaneous
- Postage
- Copier
- Regional Office of Prevention Effectiveness Services
- Special Education Grants Infant/Toddler
- SAFE Program

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the ROE considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the ROE considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the ROE has provided otherwise in its commitment or assignment actions.

- Non-Spendable – the portion of a Governmental Fund’s net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.
- Committed – the portion of a Governmental Fund’s net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

k. Program Revenues

Program Revenues on the Statement of Activities include the following:

Governmental Activities:

Operating Grants Grants used to support education programs

Capital Grants Grants used to acquire capital assets
used in the provision of education programs

1. 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.

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

2. Description of Funds

The ROE reports the following major governmental funds:

The General Fund is the operating fund of the ROE. It is used to account for all financial resources in the ROE except those required to be accounted and reported for in other funds. The General Fund includes the following sub-funds (accounts):

- General State Aid – This fund maintains revenues received from the State Board of Education earned on a per child basis and administers related program expenditures.
- Miscellaneous Fund – This fund represents accumulated unused grant funds from programs that no longer exist.
- Fingerprinting – This fund performed fingerprint-based criminal history record checks.
- General Operations – This fund accounts for monies received for expenditures in connection with general administrative activities.
- School Directory – This fund accounts for school directory expenditures that are made available to all the districts in the Region.
- Postage Fund – This fund accounts for all expenditures related to postage.
- Copier Fund – This fund accounts for all expenditures related to copiers.
- School Crisis Assistance Team – This program accounts for monies received to assist districts in the Region when a crisis strikes.
- Local Fees – This program accounts for monies received for the general operations of workshops and the administrator's academy.

The Education Fund is used to account for various grants supporting education enhancement programs and is a major special revenue fund. The following is a brief description of each program in the ROE Education Fund:

- Administrators Academy – The ROE received a State grant to provide workshops for area teachers.
- Regional Office of Prevention Effectiveness Services (ROPES) – This is a State grant to provide substance abuse prevention for youth ages 10-17 in Calhoun, Greene, Cass, and Morgan Counties.
- Truants Alternative and Optional Education Program – This is a State grant to provide counseling and incentives for problem students.

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

- Gifted Education – This is a state and local funded grant to train teachers to work with highly intelligent students.
- ROE/ISC Operations – This fund accounts for grant monies received for payment of expenditures for assisting schools in all areas of school improvements.
- Student Assistance Program – This is a state grant to provide substance abuse prevention for youth ages 10-17 in Pike and Adams Counties.
- State Free Lunch and Breakfast – This is a state grant that provides free lunches and breakfasts to students eligible to receive free meals.
- National School Lunch Program – This is a federal grant that provides nutritionally balanced, low-cost or free lunches to children each school day.
- McKinney Education for Homeless Children – The ROE received a state grant to provide for a local homeless liaison to help homeless students in the Region.
- Regional Safe Schools – The ROE received a grant to assist in making schools safer. The agency is currently contracting with Quincy #172 and Pikeland to maintain the program.
- ARRA – McKinney Education for Homeless Children – The ROE received ARRA funds to provide local homeless liaisons to help homeless students in the Region.
- Technology Prep Additional – This is a program which funds a college sponsored workshop for technology teacher education.
- Special Education Grants Infant/Toddler – The ROE received a federal grant provided by the Department of Human Services to fund a program for pre-school children with disabilities.
- ARRA – General State Aid – A federal grant used to support payments of the General State Aid formula to the ROE.
- Workforce Investment Act – This program accounts for grant monies received for expenditures associated with vocational training services and coordination of activities to the economically disadvantaged.
- Schools Against Fearful Environment (SAFE) – A program that provides security service from the Sheriff's Department to local school districts.
- ARRA – Education Jobs Fund – A federal grant used to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary education, and related services.

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

- System of Support – The ROE received a grant to assist schools and improve annual school planning.
- Teachers and Administrators Mentoring Program – A two-year comprehensive induction/mentoring program based on the State-approved induction for the 21st century education model.

The following is a brief description of each non-major special revenue funds:

- Institute Funds (Adams and Pike Counties) - The Institute Funds are authorized by Section 3-12 of The School Code of Illinois (Illinois Rev. Stat. 1987, ch. 122, para. 3-12). All examination, registration, and renewal fees are paid into the Institute Funds, which are used to defray administrative expenses incidental to teacher's institutes, workshops, or meetings for a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.
- General Education Development Fund – This fund was established to administer the high school level test of General Education Development.
- Bus Driver Fees Fund – This fund is financed by bus driver fees, which are used for training purposes.
- Pike County Film Cooperative Fund – This fund is financed by contributions from the six member schools within Pike County based on an amount equal to \$1.25 per enrolled student.

The following is a brief description of the ROE's agency Fund:

- Distributive Fund – The ROE received funds from the State Board of Education, which it distributes to school districts and other organizations.

3. Budgetary Information

The ROE acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education. However, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the General Fund and Special Revenue Fund do not have separate budgets. Comparison of budgeted and actual results is presented as supplementary information. Budgetary comparison schedules have been provided in the supplementary schedules for the following funds: Administrators Academy, Regional Office of Prevention Effectiveness Services, Truants Alternative and Optional Education, ROE/ISC Operations, Student Assistance Program, McKinney Education for Homeless Children, Regional Safe Schools, Special Education Grants Infant/Toddler, Workforce Investment Act, and ARRA – Education Jobs Fund.

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

4. Deposits and Investments

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the ROE's deposits may not be returned to it. The ROE does not have a deposit policy for custodial credit risk. At June 30, 2012, the carrying amount of the ROE's deposits was \$565,247 (including \$2 of fiduciary fund cash) and the bank balance was \$764,228. Of the total bank balances \$762,668 was secured by federal depository insurance and \$1,560 was held in the Illinois Funds Money Market Fund.

The ROE does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2012, the ROE had investments with carrying and fair values of \$1,560 invested in the Illinois Funds Money Market Fund. The fair value of the ROE's position in this fund is equal to the value of the ROE's fund shares. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has AAAM ratings from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

5. Property and Equipment, Net

The following is a summary of changes in property and equipment for the year ended June 30, 2012:

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2012</u>
Depreciable Capital Assets:				
Office Furniture	\$ 23,772	\$ -	\$ (500)	\$ 23,272
Office Equipment	319,548	3,720	(48,882)	274,386
	<u>343,320</u>	<u>3,720</u>	<u>(49,382)</u>	<u>297,658</u>
Less: Accumulated Depreciation:				
Office Furniture	(23,542)	(115)	500	(23,157)
Office Equipment	(282,745)	(14,268)	48,882	(248,131)
	<u>(306,287)</u>	<u>(14,383)</u>	<u>49,382</u>	<u>(271,288)</u>
Total Property and Equipment, Net	<u>\$ 37,033</u>	<u>\$ (10,663)</u>	<u>\$ -</u>	<u>\$ 26,370</u>

Depreciation expense for the fiscal year ended June 30, 2012, was \$14,383.

6. Due to Other Governmental Unit

At June 30, 2012, the liability Due to Other Governmental Unit consisted of \$27,501 due to the Illinois Department of Human Services from the Education Fund.

REGIONAL OFFICE OF EDUCATION #1
Notes to the Financial Statements
For the Year Ended June 30, 2012

7. Interfund Receivables and Payables

Interfund Receivables and Payables as of June 30, 2012 is summarized below:

	Due To	Due From
Governmental Funds:		
General Fund	\$ 33,503	\$ -
Education Fund	-	33,503
Other Non-Major	-	-
Total All Funds	\$ 33,503	\$ 33,503

8. Compensated Absences

Non-certified and certified employees who work 12 calendar months earn 10 to 20 vacation days for each full year of service. At the end of the fiscal year, accumulated and carried forward vacation time can be up to 10 days. Employee vacation pay is recorded when paid. Upon termination, employees do not receive accrued vacation pay, and therefore no liability is recorded.

Employees receive up to 12 sick days annually and the unused portion is accumulated 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 recorded.

9. Restricted, Assigned, and Deficit Fund Balance

a. Restricted and Assigned

As of June 30, 2012, restricted and assigned fund balance consisted of the following:

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

	General Fund	Education Fund	Non-Major Governmental Funds	Total Governmental Funds
Restricted:				
Teacher Training	\$ -	\$ -	\$ 41,425	\$ 41,425
Regional Safe Schools	-	2,256	-	2,256
G.E.D. Administration	-	-	13,851	13,851
Bus Driver Training	-	-	16,550	16,550
System of Support	-	13,082	-	13,082
Pike County Film Co-Op	-	-	4,322	4,322
Other Miscellaneous				
Education Purposes	-	2,830	-	2,830
	-	18,168	76,148	94,316
Assigned:				
Education Programs	48,951	-	-	48,951
Fingerprinting	15,137	-	-	15,137
School Directory	14,059	-	-	14,059
School Crisis				
Assistance Team	984	-	-	984
	79,131	-	-	79,131
Total	\$ 79,131	\$ 18,168	\$ 76,148	\$ 173,447

b. Deficit Fund Balance

Deficit fund balances at June 30, 2012 are as follows:

➤ Regional Office of Prevention Effectiveness Services	\$ 4,629
➤ Special Education Grants Infant/Toddler	\$ 36,655
➤ SAFE Program	\$ 5,345

REGIONAL OFFICE OF EDUCATION #1
Notes to the Financial Statements
For the Year Ended June 30, 2012

10. On-Behalf Payments

The State of Illinois made the following expenditure payments on behalf of the ROE for the year ended June 30, 2012:

Regional Superintendent Salary	\$ 100,128
Regional Superintendent Fringe Benefits (Includes State Paid Insurance)	14,703
Assistant Regional Superintendent Salary	90,120
Assistant Regional Superintendent Fringe Benefits (Includes State Paid Insurance)	19,590
Total On-Behalf Payments	<u>\$ 224,541</u>

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

11. Distributive Fund Interest

The ROE has agreements with its school districts that it may keep and use Distributive Fund interest for purposes that benefit all districts in the ROE.

12. Operating Leases

At June 30, 2012, the ROE was a party to the following lease agreement:

On June 1, 2012, the Children and Family Connections Program of the ROE entered into a one-year lease for office space with WCU Tower Corporation. The monthly lease payment is \$800. Required lease payments in 2013 will be \$9,600.

13. Economic Dependence

Approximately 59 percent or \$890,690 of the ROE's operating revenue for the year ended June 30, 2012 was earned from two State of Illinois agencies.

14. Risk Management

The ROE purchases commercial general liability, workers' compensation, and property insurance and is covered for all risk. There have been no significant reductions in coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for any of the three prior years.

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

15. Retirement Plan

Plan Description – The ROE’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 ROE’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy – As set by statute, the ROE’s regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 was 11.88 percent of annual covered payroll. The ROE also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost – The required contribution for calendar year 2011 was \$61,843.

Three-Year Trend Information for the Regular Plan

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/11	\$ 61,843	100%	\$ -
12/31/10	68,389	100%	-
12/31/09	7,092	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of the ROE’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 percent corridor between the actuarial and market value of assets. The ROE’s regular plan’s unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 10 year basis.

REGIONAL OFFICE OF EDUCATION #1

Notes to the Financial Statements

For the Year Ended June 30, 2012

Funded Status and Funding Progress – As of December 31, 2011, (the most recent actuarial valuation date) the regular plan was 87.36 percent funded. The actuarial accrued liability for benefits was \$1,107,033 and the actuarial value of assets was \$967,091, resulting in an underfunded actuarial accrued liability (UAAL) of \$139,942. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the Plan) was \$520,561 and the ratio of UAAL to the covered payroll was 27 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

16. Other Post-Employment Benefits

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Required Supplementary Information

Illinois Municipal Retirement Fund
SCHEDULE OF FUNDING PROGRESS
June 30, 2012
(Unaudited)

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
12/31/11	\$ 967,091	\$ 1,107,033	\$ 139,942	87.36%	\$ 520,561	26.88%
12/31/10	947,920	1,124,184	176,264	84.32%	577,126	30.54%
12/31/09	822,488	995,689	173,201	82.60%	590,965	29.31%

On a market value basis, the actuarial value of assets as of December 31, 2011 was \$921,559. On a market basis, the funded ratio would be 83.25 percent.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Combining Schedule of Accounts

General Fund

June 30, 2012

	General State Aid	Miscellaneous Fund	Fingerprinting	General Operations	School Directory	Postage Fund	Copier Fund	School Crisis Assistance Team	Local Fees	Combined Total
ASSETS										
Cash and Cash Equivalents	\$ 289,895	\$ 84,943	\$ 15,744	\$ (1,424)	\$ 14,059	\$ 7,239	\$ 11,409	\$ 984	\$ 47,151	\$ 470,000
Due from Other Funds	33,503	-	-	-	-	-	-	-	-	33,503
Accounts Receivable	-	-	-	-	-	-	-	-	1,800	1,800
Total Assets	<u>\$ 323,398</u>	<u>\$ 84,943</u>	<u>\$ 15,744</u>	<u>\$ (1,424)</u>	<u>\$ 14,059</u>	<u>\$ 7,239</u>	<u>\$ 11,409</u>	<u>\$ 984</u>	<u>\$ 48,951</u>	<u>\$ 505,303</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	254	607	-	-	126	-	-	-	987
Accrued Payroll and Benefits	-	-	-	500	-	-	-	-	-	500
Deferred Revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>254</u>	<u>607</u>	<u>500</u>	<u>-</u>	<u>126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,487</u>
Fund Balances (Deficits):										
Assigned	-	-	15,137	-	14,059	-	-	984	48,951	79,131
Unassigned	323,398	84,689	-	(1,924)	-	7,113	11,409	-	-	424,685
Total Fund Balances (Deficits)	<u>323,398</u>	<u>84,689</u>	<u>15,137</u>	<u>(1,924)</u>	<u>14,059</u>	<u>7,113</u>	<u>11,409</u>	<u>984</u>	<u>48,951</u>	<u>503,816</u>
Total Liabilities and Fund Balances	<u>\$ 323,398</u>	<u>\$ 84,943</u>	<u>\$ 15,744</u>	<u>\$ (1,424)</u>	<u>\$ 14,059</u>	<u>\$ 7,239</u>	<u>\$ 11,409</u>	<u>\$ 984</u>	<u>\$ 48,951</u>	<u>\$ 505,303</u>

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

General Fund Accounts

For the Year Ended June 30, 2012

	General State Aid	Miscellaneous Fund	Fingerprinting	General Operations	School Directory	Postage Fund	Copier Fund	School Crisis Assistance Team	Local Fees	Combined Total
Revenues										
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ 21,224	\$ -	\$ 6,505	\$ -	\$ -	\$ -	\$ 16,280	\$ 44,009
Local Sources	-	42,326	-	101,841	-	2,084	4,235	-	-	150,486
State Sources	258,719	-	-	-	-	-	-	-	-	258,719
State Sources - On Behalf Payments	224,541	-	-	-	-	-	-	-	-	224,541
Federal Sources	-	-	-	-	-	-	-	-	-	-
Interest Income	501	-	-	-	-	-	-	-	-	501
Total Operating Revenues	483,761	42,326	21,224	101,841	6,505	2,084	4,235	-	16,280	678,256
Expenditures										
Salaries and Benefits	-	1,291	-	142,866	-	-	-	-	734	144,891
Salaries and Benefits - On Behalf Payments	224,541	-	-	-	-	-	-	-	-	224,541
Purchased Services	9,164	42,131	15,014	1,900	-	-	-	-	6,980	75,189
Travel and Entertainment	586	1,250	-	-	-	-	-	-	8,467	10,303
Supplies and Materials	-	678	-	-	-	-	-	-	396	1,074
Institute Expenses and Workshops	-	-	-	-	-	-	-	-	13	13
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	311	-	-	-	1,454	1,765
Postage and Copies	28	-	-	-	-	3,163	3,217	-	415	6,823
Payment to Other Government Units	248,942	-	-	-	-	-	-	-	-	248,942
Miscellaneous	-	135	-	-	3,704	-	-	-	-	3,839
Total Operating Expenditures	483,261	45,485	15,014	144,766	4,015	3,163	3,217	-	18,459	717,380
Excess (Deficiency) of Revenues over Expenditures	500	(3,159)	6,210	(42,925)	2,490	(1,079)	1,018	-	(2,179)	(39,124)
Other Financing Sources (Uses)										
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	500	(3,159)	6,210	(42,925)	2,490	(1,079)	1,018	-	(2,179)	(39,124)
Fund Balance, Beginning of Year	322,898	87,848	8,927	41,001	11,569	8,192	10,391	984	51,130	542,940
Fund Balance (Deficit), End of Year	\$ 323,398	\$ 84,689	\$ 15,137	\$ (1,924)	\$ 14,059	\$ 7,113	\$ 11,409	\$ 984	\$ 48,951	\$ 503,816

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Combining Schedule of Accounts

Education Fund

June 30, 2012

	Administrators Academy	Regional Office of Prevention Effectiveness Services	Truants Alternative and Optional Education	Gifted Education	ROE/ISC Operations	Student Assistance Program	State Free Lunch and Breakfast	National School Lunch Program	McKinney Education for Homeless Children	Regional Safe Schools
ASSETS										
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 124	\$ -	\$ -	\$ -	\$ -	\$ 2,539	\$ 2,256
Due from Other Funds	-	-	-	-	-	-	-	-	-	-
Grants Receivable	-	3,350	16,436	-	-	-	52	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 3,350</u>	<u>\$ 16,436</u>	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 2,539</u>	<u>\$ 2,256</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Due to Other Funds	\$ -	\$ 7,979	\$ 16,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-	-	-
Due To Other Governmental Unit	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>7,979</u>	<u>16,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):										
Restricted	-	-	66	124	-	-	52	-	2,539	2,256
Unassigned	-	(4,629)	-	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>-</u>	<u>(4,629)</u>	<u>66</u>	<u>124</u>	<u>-</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>2,539</u>	<u>2,256</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 3,350</u>	<u>\$ 16,436</u>	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 2,539</u>	<u>\$ 2,256</u>

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Combining Schedule of Accounts

Education Fund

June 30, 2012

	Tech Prep Additional	Special Education Grants Infant/Toddler	ARRA General State Aid	Workforce Investment Act	SAFE Program	ARRA Education Jobs Fund	System of Support	Teachers and Administrators Mentoring Program	Combined Total
ASSETS									
Cash and Cash Equivalents	\$ 47	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 12,074	\$ 1	\$ 17,042
Due from Other Funds	-	-	-	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	-	1,008	-	20,846
Total Assets	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,082</u>	<u>\$ 1</u>	<u>\$ 37,888</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Due to Other Funds	\$ -	\$ 9,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,503
Accounts Payable	-	-	-	-	5,345	-	-	-	5,345
Deferred Revenue	-	-	-	-	-	-	-	-	-
Due To Other Governmental Unit	-	27,501	-	-	-	-	-	-	27,501
Total Liabilities	<u>-</u>	<u>36,655</u>	<u>-</u>	<u>-</u>	<u>5,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,349</u>
Fund Balances (Deficits):									
Restricted	47	-	1	-	-	-	13,082	1	18,168
Unassigned	-	(36,655)	-	-	(5,345)	-	-	-	(46,629)
Total Fund Balances (Deficits)	<u>47</u>	<u>(36,655)</u>	<u>1</u>	<u>-</u>	<u>(5,345)</u>	<u>-</u>	<u>13,082</u>	<u>1</u>	<u>(28,461)</u>
Total Liabilities and Fund Balances	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,082</u>	<u>\$ 1</u>	<u>\$ 37,888</u>

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances

Education Fund Accounts

For the Year Ended June 30, 2012

	Administrators Academy	Regional Office of Prevention Effectiveness Services	Truants Alternative and Optional Education	Gifted Education	ROE/ISC Operations	Student Assistance Program	State Free Lunch and Breakfast	National School Lunch Program	McKinney Education for Homeless Children	Regional Safe Schools
Revenues										
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Sources	-	-	-	-	-	-	-	-	-	-
State Sources	20,000	21,249	67,856	-	36,746	16,648	173	-	-	60,000
Federal Sources	-	61,748	-	-	-	-	-	5,257	12,332	-
Interest Income	-	-	-	-	-	-	-	-	-	-
Total Operating Revenues	20,000	82,997	67,856	-	36,746	16,648	173	5,257	12,332	60,000
Expenditures										
Salaries and Benefits	20,000	59,143	54,440	-	14,960	14,528	-	-	10,724	5,000
Purchased Services	-	9,274	4,435	-	9,052	446	742	-	1,433	-
Travel and Entertainment	-	9,608	2,856	-	1,851	1,324	-	-	-	-
Supplies and Materials	-	4,972	415	-	1,338	1,600	-	5,500	175	-
Institute Expenses and Workshops	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Communication	-	-	288	-	8	-	-	-	-	-
Postage and Copies	-	-	325	-	-	-	-	-	-	-
Payment to Other Government Units	-	3,680	-	-	-	-	-	-	-	56,021
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditures	20,000	86,677	62,759	-	27,209	17,898	742	5,500	12,332	61,021
Excess (Deficiency) of Revenues over Expenditures	-	(3,680)	5,097	-	9,537	(1,250)	(569)	(243)	-	(1,021)
Other Financing Sources (Uses)										
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	-	(3,680)	5,097	-	9,537	(1,250)	(569)	(243)	-	(1,021)
Fund Balance (Deficit), Beginning of Year	-	(949)	(5,031)	124	(9,537)	1,250	621	243	2,539	3,277
Fund Balance (Deficit), End of Year	\$ -	\$ (4,629)	\$ 66	\$ 124	\$ -	\$ -	\$ 52	\$ -	\$ 2,539	\$ 2,256

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

Education Fund Accounts

For the Year Ended June 30, 2012

	Tech Prep Additional	Special Education Grants Infant/Toddler	ARRA General State Aid	Workforce Investment Act	SAFE Program	ARRA Education Jobs Fund	System of Support	Teachers and Administrators Mentoring Program	Combined Total
Revenues									
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Sources	-	-	-	-	45,819	-	-	-	45,819
State Sources	-	282,491	-	-	-	-	-	-	505,163
Federal Sources	-	96,108	-	31,870	-	343	22,120	-	229,778
Interest Income	-	-	-	-	-	-	-	-	-
Total Operating Revenues	-	378,599	-	31,870	45,819	343	22,120	-	780,760
Expenditures									
Salaries and Benefits	-	270,674	-	24,267	-	343	25,833	-	499,912
Purchased Services	-	65,276	-	1,421	-	-	401	-	92,480
Travel and Entertainment	-	29,735	-	1,822	-	-	803	-	47,999
Supplies and Materials	-	9,194	-	-	-	-	-	-	23,194
Institute Expenses and Workshops	-	-	-	-	-	-	-	-	-
Capital Outlay	-	3,720	-	-	-	-	-	-	3,720
Communication	-	-	-	-	-	-	-	-	296
Postage and Copies	-	-	-	-	-	-	-	-	325
Payment to Other Government Units	-	-	-	-	99,488	-	-	-	159,189
Miscellaneous	-	-	-	-	-	-	-	-	-
Total Operating Expenditures	-	378,599	-	27,510	99,488	343	27,037	-	827,115
Excess (Deficiency) of Revenues over Expenditures	-	-	-	4,360	(53,669)	-	(4,917)	-	(46,355)
Other Financing Sources (Uses)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	4,360	(53,669)	-	(4,917)	-	(46,355)
Fund Balance (Deficit), Beginning of Year	47	(36,655)	1	(4,360)	48,324	-	17,999	1	17,894
Fund Balance (Deficit), End of Year	\$ 47	\$ (36,655)	\$ 1	\$ -	\$ (5,345)	\$ -	\$ 13,082	\$ 1	\$ (28,461)

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Budgetary Comparison Schedule
Education Fund Account

Administrators Academy

For the Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues			
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -
Local Sources	-	-	-
State Sources	20,000	20,000	-
Federal Sources	-	-	-
Interest Income	-	-	-
Total Operating Revenues	20,000	20,000	-
Expenditures			
Salaries and Benefits	20,000	20,000	-
Purchased Services	-	-	-
Travel and Entertainment	-	-	-
Supplies and Materials	-	-	-
Institute Expenses and Workshops	-	-	-
Capital Outlay	-	-	-
Communication	-	-	-
Postage and Copies	-	-	-
Payment to Other Government Units	-	-	-
Miscellaneous	-	-	-
Total Operating Expenditures	20,000	20,000	-
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, Beginning of Year		-	
Fund Balance, End of Year		\$ -	

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Budgetary Comparison Schedule
Education Fund Account

Regional Office of Prevention Effectiveness Services

For the Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues			
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -
Local Sources	-	-	-
State Sources	-	21,249	21,249
Federal Sources	86,098	61,748	(24,350)
Interest Income	-	-	-
Total Operating Revenues	86,098	82,997	(3,101)
Expenditures			
Salaries and Benefits	59,143	59,143	-
Purchased Services	9,501	9,274	227
Travel and Entertainment	11,897	9,608	2,289
Supplies and Materials	5,557	4,972	585
Institute Expenses and Workshops	-	-	-
Capital Outlay	-	-	-
Communication	-	-	-
Postage and Copies	-	-	-
Payment to Other Government Units	-	3,680	(3,680)
Miscellaneous	-	-	-
Total Operating Expenditures	86,098	86,677	(579)
Net Change in Fund Balance	\$ -	(3,680)	\$ (3,680)
Fund Balance (Deficit), Beginning of Year		(949)	
Fund Balance (Deficit), End of Year		\$ (4,629)	

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Budgetary Comparison Schedule
Education Fund Account

Truants Alternative and Optional Education

For the Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues			
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -
Local Sources	-	-	-
State Sources	62,759	67,856	5,097
Federal Sources	-	-	-
Interest Income	-	-	-
Total Operating Revenues	62,759	67,856	5,097
Expenditures			
Salaries and Benefits	52,975	54,440	(1,465)
Purchased Services	8,784	4,435	4,349
Travel and Entertainment	-	2,856	(2,856)
Supplies and Materials	1,000	415	585
Institute Expenses and Workshops	-	-	-
Capital Outlay	-	-	-
Communication	-	288	(288)
Postage and Copies	-	325	(325)
Payment to Other Government Units	-	-	-
Miscellaneous	-	-	-
Total Operating Expenditures	62,759	62,759	-
Net Change in Fund Balance	\$ -	5,097	\$ 5,097
Fund Balance, Beginning of Year		(5,031)	
Fund Balance, End of Year		\$ 66	

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Budgetary Comparison Schedule
Education Fund Account

ROE/ISC Operations

For the Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues			
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -
Local Sources	-	-	-
State Sources	27,209	36,746	(9,537)
Federal Sources	-	-	-
Interest Income	-	-	-
Total Operating Revenues	27,209	36,746	(9,537)
Expenditures			
Salaries and Benefits	17,594	14,960	2,634
Purchased Services	7,324	9,052	(1,728)
Travel and Entertainment	-	1,851	(1,851)
Supplies and Materials	2,291	1,338	953
Institute Expenses and Workshops	-	-	-
Capital Outlay	-	-	-
Communication	-	8	(8)
Postage and Copies	-	-	-
Payment to Other Government Units	-	-	-
Miscellaneous	-	-	-
Total Operating Expenditures	27,209	27,209	-
Net Change in Fund Balance	\$ -	9,537	\$ (9,537)
Fund Balance (Deficit), Beginning of Year		(9,537)	
Fund Balance, End of Year		\$ -	

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Budgetary Comparison Schedule
Education Fund Account

Student Assistance Program

For the Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues			
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -
Local Sources	-	-	-
State Sources	29,459	16,648	(12,811)
Federal Sources	-	-	-
Interest Income	-	-	-
Total Operating Revenues	29,459	16,648	(12,811)
Expenditures			
Salaries and Benefits	23,975	14,528	9,447
Purchased Services	2,550	446	2,104
Travel and Entertainment	2,809	1,324	1,485
Supplies and Materials	125	1,600	(1,475)
Institute Expenses and Workshops	-	-	-
Capital Outlay	-	-	-
Communication	-	-	-
Postage and Copies	-	-	-
Payment to Other Government Units	-	-	-
Miscellaneous	-	-	-
Total Operating Expenditures	29,459	17,898	11,561
Net Change in Fund Balance	\$ -	(1,250)	\$ (1,250)
Fund Balance, Beginning of Year		1,250	
Fund Balance, End of Year		\$ -	

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Budgetary Comparison Schedule
Education Fund Account

McKinney Education for Homeless Children

For the Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues			
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -
Local Sources	-	-	-
State Sources	-	-	-
Federal Sources	12,332	12,332	-
Interest Income	-	-	-
Total Operating Revenues	12,332	12,332	-
Expenditures			
Salaries and Benefits	10,465	10,724	(259)
Purchased Services	1,567	1,433	134
Travel and Entertainment	-	-	-
Supplies and Materials	300	175	125
Institute Expenses and Workshops	-	-	-
Capital Outlay	-	-	-
Communication	-	-	-
Postage and Copies	-	-	-
Payment to Other Government Units	-	-	-
Miscellaneous	-	-	-
Total Operating Expenditures	12,332	12,332	-
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, Beginning of Year		2,539	
Fund Balance, End of Year		\$ 2,539	

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Budgetary Comparison Schedule
Education Fund Account

Regional Safe Schools

For the Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues			
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -
Local Sources	-	-	-
State Sources	75,758	60,000	(15,758)
Federal Sources	-	-	-
Interest Income	-	-	-
Total Operating Revenues	75,758	60,000	(15,758)
Expenditures			
Salaries and Benefits	5,000	5,000	-
Purchased Services	-	-	-
Travel and Entertainment	-	-	-
Supplies and Materials	-	-	-
Institute Expenses and Workshops	-	-	-
Capital Outlay	-	-	-
Communication	-	-	-
Postage and Copies	-	-	-
Payment to Other Government Units	70,758	56,021	14,737
Miscellaneous	-	-	-
Total Operating Expenditures	75,758	61,021	14,737
Net Change in Fund Balance	\$ -	(1,021)	\$ (1,021)
Fund Balance, Beginning of Year		3,277	
Fund Balance, End of Year		\$ 2,256	

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Budgetary Comparison Schedule
Education Fund Account

Special Education Grants Infant/Toddler

For the Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues			
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -
Local Sources	-	-	-
State Sources	430,675	282,491	(148,184)
Federal Sources	-	96,108	96,108
Interest Income	-	-	-
Total Operating Revenues	430,675	378,599	(52,076)
Expenditures			
Salaries and Benefits	298,675	270,674	28,001
Purchased Services	90,000	65,276	24,724
Travel and Entertainment	36,000	29,735	6,265
Supplies and Materials	3,000	9,194	(6,194)
Institute Expenses and Workshops	-	-	-
Capital Outlay	3,000	3,720	(720)
Communication	-	-	-
Postage and Copies	-	-	-
Payment to Other Government Units	-	-	-
Miscellaneous	-	-	-
Total Operating Expenditures	430,675	378,599	52,076
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance (Deficit), Beginning of Year		(36,655)	
Fund Balance (Deficit), End of Year		\$ (36,655)	

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Budgetary Comparison Schedule
Education Fund Account

Workforce Investment Act

For the Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues			
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -
Local Sources	-	-	-
State Sources	-	-	-
Federal Sources	32,000	31,870	(130)
Interest Income	-	-	-
Total Operating Revenues	32,000	31,870	(130)
Expenditures			
Salaries and Benefits	28,415	24,267	4,148
Purchased Services	1,500	1,421	79
Travel and Entertainment	2,085	1,822	263
Supplies and Materials	-	-	-
Institute Expenses and Workshops	-	-	-
Capital Outlay	-	-	-
Communication	-	-	-
Postage and Copies	-	-	-
Payment to Other Government Units	-	-	-
Miscellaneous	-	-	-
Total Operating Expenditures	32,000	27,510	4,490
Net Change in Fund Balance	\$ -	4,360	\$ 4,360
Fund Balance (Deficit), Beginning of Year		(4,360)	
Fund Balance, End of Year		\$ -	

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Budgetary Comparison Schedule
Education Fund Account

ARRA - Education Jobs Fund

For the Year Ended June 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues			
Registration, Certification, and Permit Fees	\$ -	\$ -	\$ -
Local Sources	-	-	-
State Sources	-	-	-
Federal Sources	337	343	6
Interest Income	-	-	-
Total Operating Revenues	337	343	6
Expenditures			
Salaries and Benefits	337	343	(6)
Purchased Services	-	-	-
Travel and Entertainment	-	-	-
Supplies and Materials	-	-	-
Institute Expenses and Workshops	-	-	-
Capital Outlay	-	-	-
Communication	-	-	-
Postage and Copies	-	-	-
Payment to Other Government Units	-	-	-
Miscellaneous	-	-	-
Total Operating Expenditures	337	343	(6)
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, Beginning of Year		-	
Fund Balance, End of Year		\$ -	

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Non-Major Special Revenue Funds

Combining Balance Sheet

June 30, 2012

	Institute Funds Adams County	Institute Funds Pike County	General Education Development Fund	Bus Driver Fees	Pike County Film Cooperative	Combined Total
ASSETS						
Cash and Cash Equivalents	\$ 28,549	\$ 12,900	\$ 15,145	\$ 17,287	\$ 4,322	\$ 78,203
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 24	\$ -	\$ 1,294	\$ 737	\$ -	\$ 2,055
Fund Balances:						
Restricted	28,525	12,900	13,851	16,550	4,322	76,148
Unassigned	-	-	-	-	-	-
Total Fund Balances	28,525	12,900	13,851	16,550	4,322	76,148
Total Liabilities and Fund Balances	\$ 28,549	\$ 12,900	\$ 15,145	\$ 17,287	\$ 4,322	\$ 78,203

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

For the Year Ended June 30, 2012

	Institute Funds Adams County	Institute Funds Pike County	General Education Development Fund	Bus Driver Fees	Pike County Film Cooperative	Combined Total
Revenues						
Registration, Certification, and Permit Fees	\$ 21,925	\$ 4,819	\$ 18,495	\$ 1,842	\$ -	\$ 47,081
Local Sources	-	-	-	-	-	-
State Sources	-	-	-	852	-	852
Interest Income	-	5	-	2	9	16
Total Operating Revenues	<u>21,925</u>	<u>4,824</u>	<u>18,495</u>	<u>2,696</u>	<u>9</u>	<u>47,949</u>
Expenditures						
Salaries and Benefits	-	-	238	-	-	238
Purchased Services	-	-	9,196	1,279	-	10,475
Travel and Entertainment	775	-	2,948	922	-	4,645
Supplies and Materials	-	-	574	-	1,087	1,661
Institute Expenses and Workshops	7,466	866	-	-	-	8,332
Capital Outlay	-	-	-	-	-	-
Communication	-	-	591	-	-	591
Postage and Copies	-	-	-	-	-	-
Payment to Other Government Units	-	-	-	-	-	-
Miscellaneous	-	-	3,813	-	-	3,813
Total Operating Expenses	<u>8,241</u>	<u>866</u>	<u>17,360</u>	<u>2,201</u>	<u>1,087</u>	<u>29,755</u>
Excess (Deficiency) of Revenues over Expenditures	<u>13,684</u>	<u>3,958</u>	<u>1,135</u>	<u>495</u>	<u>(1,078)</u>	<u>18,194</u>
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	13,684	3,958	1,135	495	(1,078)	18,194
Fund Balance, Beginning of Year	<u>14,841</u>	<u>8,942</u>	<u>12,716</u>	<u>16,055</u>	<u>5,400</u>	<u>57,954</u>
Fund Balance, End of Year	<u>\$ 28,525</u>	<u>\$ 12,900</u>	<u>\$ 13,851</u>	<u>\$ 16,550</u>	<u>\$ 4,322</u>	<u>\$ 76,148</u>

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Statement of Changes in Assets and Liabilities

Agency Fund
DISTRIBUTIVE FUND

For the Year Ended June 30, 2012

	<u>Balance</u> <u>July 01, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Cash	<u>\$ 593</u>	<u>\$ 723,494</u>	<u>\$ 724,085</u>	<u>\$ 2</u>
LIABILITIES				
Accumulated Interest Payable	<u>\$ 593</u>	<u>\$ -</u>	<u>\$ 591</u>	<u>\$ 2</u>

See Accompanying Independent Auditors' Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

Schedule of Disbursements to School District Treasurers and Other Entities

Distributive Fund

For the Year Ended June 30, 2012

	West Central Region #240	ROE #1	Total
General State Aid	\$ -	\$ 258,719	\$ 258,719
ARRA - Jobs Fund	-	343	343
Federal School Lunch Program	-	5,257	5,257
State School Breakfast Program	-	205	205
Interest Transfer	-	594	594
ROE/ISC Operations	-	85,746	85,746
ROE/ISC School Bus Driver Training	-	852	852
Regional Safe Schools	-	105,939	105,939
Title II - Teachers Quality	-	15,896	15,896
Truants Alternative and Optional Education	-	79,302	79,302
West Central Regional	171,232	-	171,232
Total	<u>\$ 171,232</u>	<u>\$ 552,853</u>	<u>\$ 724,085</u>

See Accompanying Independent Auditors' Report