

**STATE OF ILLINOIS
BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**FINANCIAL AUDIT
For the year ended June 30, 2012**

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

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**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

OFFICIALS

Regional Superintendent (from July 1, 2011 to July 15, 2011)Mr. Mark Drone
Regional Superintendent (from July 16, 2011 to present)Ms. Julie Wollerman
Assistant Regional Superintendent (from July 1, 2011 to July 15, 2011) Ms. Julie Wollerman
Assistant Regional Superintendent (from July 16, 2011 to April 15, 2012)..... Vacant
Assistant Regional Superintendent (from April 16, 2012 to present)..... Mr. William LaDage

Offices are located at:

300 S. 7th Street
Vandalia, IL 62471

200 W. College
Greenville, IL 62246

101 N. 4th Street, Room 204
Effingham, IL 62401

1805 W. Fletcher – Suite B
Vandalia, IL 62471

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

FINANCIAL REPORT SUMMARY

The financial audit testing performed during 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	1	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	0

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

Additional matters which were less than significant deficiencies or material weaknesses but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
12-1	11-12	Controls Over Financial Statement Preparation	Material Weakness

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no prior findings not repeated.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

11-2	15	Unallowable Costs Charged to Federal Program	Compliance Material Weakness
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**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

FINANCIAL REPORT SUMMARY (Continued)

EXIT CONFERENCE

An informal exit conference was held October 26, 2012. Present were Julie Wollerman, Regional Superintendent of the Regional Office of Education #3, and Michelle Nuzum, CPA of West & Company, LLC. Responses to the recommendations were provided by Julie Wollerman on November 28, 2012.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Bond, Fayette, and Effingham Counties Regional Office of Education #3 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #3's basic financial statements.

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT
JOSHUA D. LOWE

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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, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Fayette, and Effingham Counties Regional Office of Education #3, as of and for the year ended June 30, 2012, which collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education #3's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bond, Fayette, and Effingham Counties Regional Office of Education #3'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 the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Fayette, and Effingham Counties Regional Office of Education #3, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof 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 February 20, 2013 on our consideration of the Bond, Fayette, and Effingham Counties Regional Office of Education #3'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 the 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 16A-16K and 45 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 Bond, Fayette, and Effingham Counties Regional Office of Education #3's financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the 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 nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

West & Company, LLC

February 20, 2013

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
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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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bond, Fayette, and Effingham Counties Regional Office of Education #3, as of and for the year ended June 30, 2012, which collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education #3's basic financial statements and have issued our report thereon dated February 20, 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 Bond, Fayette, and Effingham Counties Regional Office of Education #3 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Bond, Fayette, and Effingham Counties Regional Office of Education #3'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 Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 finding 12-1 in the accompanying Schedule of Findings and Responses to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bond, Fayette, and Effingham Counties Regional Office of Education #3'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*.

We noted certain matters which we have reported to management of the Bond, Fayette, and Effingham Counties Regional Office of Education #3 in a separate letter dated February 20, 2013.

Bond, Fayette, and Effingham Counties Regional Office of Education #3's response to the finding identified in our audit is described in the accompany Schedule of Findings and Responses. We did not audit Bond, Fayette, and Effingham Counties Regional Office of Education #3's response and, accordingly, we express no opinion on it.

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 Illinois State Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

West + Company, LLC

February 20, 2013

SCHEDULE OF FINDINGS AND RESPONSES

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section I -- Summary of Auditors' Results (concluded)

Identification of major programs:

CFDA Number(s)

Name of federal program or cluster

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as a low-risk auditee? _____ yes _____ no N/A

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section II - Financial Statement Findings

FINDING NO. 12-1 – Controls Over Financial Statement Preparation (repeat of 11-1, 10-1, 09-1, 08-1 and 07-1)

Criteria/Specific Requirement:

The Regional Office of Education #3 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education #3 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation/review 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. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not post prior year audit adjusting entries. This resulted in the Regional Office's fund balances rolling forward to fiscal year 2012 incorrectly.
- The Regional Office did not have adequate controls over the maintenance of complete records of cash, accounts receivable, capital assets, accrued expenses, or deferred revenue.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Effect:

Management or 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.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section II - Financial Statement Findings (Continued)

FINDING NO. 12-1 – Controls Over Financial Statement Preparation (repeat of 11-1, 10-1, 09-1, 08-1 and 07-1) (Continued)

Cause:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements. Additionally, adequate training from the accounting software company is not available.

Auditors' Recommendation:

As part of internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #3 should implement a comprehensive preparation and/or review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

Management's Response:

The Regional Superintendent understands this finding and continues to seek out support and services to correct it. Currently, ROE #3 is taking the finding under advisement with a local CPA firm.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section III – Federal Award Findings

No findings were noted for the year ended June 30, 2012.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2012**

Corrective Action Plan

FINDING NO. 12-1 – Controls Over Financial Statement Preparation (repeat of 11-1, 10-1, 09-1, 08-1 and 07-1)

Condition:

The Regional Office of Education #3 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation/review 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. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not post prior year audit adjusting entries. This resulted in the Regional Office's fund balances rolling forward to fiscal year 2012 incorrectly.
- The Regional Office did not have adequate controls over the maintenance of complete records of cash, accounts receivable, capital assets, accrued expenses, or deferred revenue.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Plan:

The Regional Superintendent understands this finding and continues to seek out support and services to correct it.

Anticipated Date of Completion:

Ongoing.

Name of Contact Person:

Julie Wollerman, Regional Superintendent of Schools

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2012**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
11-1	Controls Over Financial Statement Preparation	Repeated
11-2	Unallowable Costs Charged to Federal Program	Resolved

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

The following is a discussion and analysis of the financial performance of the Regional Office of Education for Bond, Fayette, and Effingham Counties for the fiscal year ended June 30, 2012. This section is a summary of the financial activities of the Regional Office of Education #3 based on currently known facts, decisions, or conditions. It is also based on both the government-wide and governmental fund financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the financial statements for the Regional Office of Education for Bond, Fayette, and Effingham Counties, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of five parts: Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Financial Statements, required supplementary information, and supplementary information. The Basic Financial Statements include two kinds of statements that present different views of the Regional Office of Education #3:

- The first two statements are general financial statements that provide both short-term and long-term information about the Regional Office of Education #3's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Regional Office of Education #3, reporting the Regional Office of Education #3's operations in more detail than the general statements. The fund financial statements concentrate on the Regional Office of Education #3's most significant funds with all other non-major funds listed in total in one column.
- Governmental funds statements tell how basic services such as grant-funded programs were financed in the short term as well as what remains for future spending.
- Proprietary funds statements provide information related to services provided to organizations comprising the Bond, Fayette, and Effingham Counties Education Service Region.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Required supplementary information includes the Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress that further explains and supports the financial statements. Supplementary information provides a comparison of the Regional Office of Education #3's budgets for the year and also includes combining and individual nonmajor fund financial statements.

Figure A-1 summarizes the major features of the Regional Office of Education #3's financial statements, including the portion of the Regional Office of Education #3's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Overview of the Financial Statements (Continued)

Figure A-1

Major Features of the Regional Office of Education #3's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Regional Office of Education	The activities of the Regional Office of Education that are not proprietary, such as special revenue and general funds	Activities the Regional Office of Education operates in which expenses related to services are done on a cost-reimbursement basis.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses and Changes in Net Assets • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Overview of the Financial Statements (Continued)

Government-Wide Statements

The government-wide statements report information about the Regional Office of Education #3 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Regional Office of Education #3's assets and liabilities. All of the current year's 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 Regional Office of Education #3's net assets and how they have changed. Net assets, the difference between the Regional Office of Education #3's assets and liabilities, is one way to measure the Regional Office of Education #3's financial health or position.

- Increases or decreases in the Regional Office of Education #3's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Regional Office of Education #3, one needs to consider additional non-financial factors, such as changes in the State Board of Education's policies, as well as changes in federal programs and policies that impact educational services in individual States.

In the government-wide financial statements, the Regional Office of Education #3's activities are divided into two categories:

- Governmental Activities: Most of the Regional Office of Education #3's basic services are included here, such as grant-funded programs, support services, and administration.
- Business-type activities: The Regional Office of Education #3 charges fees to help cover the costs of certain services and workshops it provides.

Fund Financial Statements

The fund financial statements provide more detailed information about the Regional Office of Education #3's funds, focusing on its most significant or "major" funds – not the Regional Office of Education #3 as a whole. Funds are accounting devices the Regional Office of Education #3 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #3 establishes other funds to control and to manage money for particular purposes or to show that it is properly using certain revenues, such as federal grants.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Overview of the Financial Statements (Continued)

Fund Financial Statements (Concluded)

The Regional Office of Education #3 has two kinds of funds:

- **Governmental Funds:** Most of the Regional Office of Education #3's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Regional Office of Education #3's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements a reconciliation between the governmental fund financial statements and the government-wide financial statements follow the related governmental fund financial statements.
- **Proprietary Funds:** The Regional Office of Education #3 charges fees for some services. Proprietary funds are reported in the same way as government-wide statements. The Regional Office of Education #3's Enterprise funds, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The Regional Office of Education #3 currently has one Enterprise Fund, the Local Workshops Fund.

Government-wide Financial Analysis

Statement of Net Assets

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components-the amount due within one year and the amount due in more than one year. The difference between the Regional Office of Education #3's assets and liabilities is its net assets.

This section will explain the differences between the current and prior year's assets, liabilities, and changes in net assets. The Regional Office of Education for Bond, Fayette, and Effingham Counties' financial activities include both Governmental and Business-type activities. These are reported below.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Government-wide Financial Analysis (Continued)

Statement of Net Assets (Continued)

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

	2012	2011	Increase / (Decrease)
Current Assets	\$ 761,426	\$ 819,611	(58,185)
Capital assets, being depreciated, net	37,223	33,207	4,016
Total Assets	<u>798,649</u>	<u>852,818</u>	(54,169)
Current Liabilities	<u>101,786</u>	<u>197,370</u>	(95,584)
Net Assets:			
Invested in capital assets	37,223	33,207	4,016
Restricted	132,775	160,548	(27,773)
Unrestricted	<u>526,865</u>	<u>461,693</u>	65,172
Total Net Assets	<u>\$ 696,863</u>	<u>\$ 655,448</u>	41,415

The Regional Office of Education #3's governmental assets exceeded governmental liabilities (net assets) by \$696,863 at the close of the fiscal year. Cash and cash equivalents made up the majority of assets. The Regional Office of Education #3 uses its governmental net assets to perform general operations, provide professional services to school districts in the Bond, Fayette, and Effingham Counties Educational Service Region and surrounding areas, and to operate Alternative Education Programs within the region.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Government-wide Financial Analysis (Continued)

Statement of Net Assets (Concluded)

BUSINESS-TYPE ACTIVITIES

	2012	2011	Increase / (Decrease)
Current Assets	\$ 253,522	\$ 268,459	(14,937)
Capital assets, being depreciated, net	1,380	3,187	(1,807)
Total Assets	<u>254,902</u>	<u>271,646</u>	(16,744)
Current Liabilities	-	-	-
Net Assets:			
Invested in capital assets	1,380	3,187	(1,807)
Unrestricted	<u>253,522</u>	<u>268,459</u>	(14,937)
Total Net Assets	<u>\$ 254,902</u>	<u>\$ 271,646</u>	(16,744)

The Regional Office of Education #3 uses its business-type net assets to provide workshop and training services to school districts in the Bond, Fayette, and Effingham Counties Educational Service Region and surrounding areas.

General Overview and Analysis of Significant Individual Governmental Funds

NON-MAJOR SPECIAL REVENUE FUNDS

- The Institute Fund is administered by the Regional Office of Education #3 and had a fund balance of \$40,328, which represents a \$18,050 increase over the previous year.
- The General Education Development Fund is administered by the Regional Office of Education #3 and had a fund balance of \$19,003, which represents a \$3,504 decrease below the previous year.
- The ROE School Bus Driver Training Fund is administered by the Regional Office of Education #3 and had a fund balance of \$11,437, which represents a \$1,554 increase over the previous year.
- The Supervisory Fund is administered by the Regional Office of Education #3 and had a fund balance of \$2,612, which represents a \$2,226 decrease below the previous year. The expenses related to this fund increase or decrease depending on the needs of the Regional Office. The line item to support the Supervisory Fund was cut from the Illinois State Budget in FY10.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Government-wide Financial Analysis (Continued)

General Overview and Analysis of Significant Individual Government Funds (Continued)

EDUCATION FUND

- The Illinois Family Violence Coordinating Council is administered by the Educational Services Division of the Regional Office of Education #3 and had a fund balance of \$6,707, which represents a \$601 decrease below the previous year.
- The Alternative Education Program – Other is administered by the Alternative Education Program of the Regional Office of Education and had a fund balance of \$53,190, which represents a \$872 increase over the previous year.
- The McKinney Education for Homeless Children Program is administered by the Educational Services Division of the Regional Office of Education and had a fund balance of (\$46,993), which represents a decrease of 46,993 below the previous year.
- The Illinois Family Violence Coordinating Council Arrest Grant is a new program this year to the Regional Office of Education. This program is administered by the Educational Services Division of the Regional Office and had a fund balance of (\$2,669).

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Government-wide Financial Analysis (Continued)

Statement of Activities

The Statement of Activities accounts for all of the current year revenues and expenses regardless of when cash is received or paid.

STATEMENT OF ACTIVITIES

GOVERNMENTAL ACTIVITIES

	2012	2011	Increase / (Decrease)
	<u> </u>	<u> </u>	
Revenues:			
Federal	\$ 210,493	\$ 693,735	(483,242)
Local sources	402,508	479,596	(77,088)
State sources	819,489	960,516	(141,027)
On-behalf payments	261,403	387,220	(125,817)
Interest	<u>1,054</u>	<u>1,504</u>	(450)
 Total revenues	 <u>1,694,947</u>	 <u>2,522,571</u>	 (827,624)
 Expenses:			
Instructional Services:			
Salaries and benefits	898,249	1,208,115	(309,866)
Purchased services	363,862	532,772	(168,910)
Supplies and materials	57,436	102,896	(45,460)
Payments to other governments	55,663	227,405	(171,742)
Other objects	-	135	(135)
Depreciation	16,919	25,245	(8,326)
On-behalf payments - State	<u>261,403</u>	<u>387,220</u>	(125,817)
 Total expenses	 <u>1,653,532</u>	 <u>2,483,788</u>	 (830,256)
 Excess of revenues over expenditures	 41,415	 38,783	 2,632
 Net assets - beginning	 <u>655,448</u>	 <u>616,665</u>	 38,783
 Net assets - ending	 <u>\$ 696,863</u>	 <u>\$ 655,448</u>	 41,415

Revenues from governmental activities were 1,694,947 and expenses were 1,653,532.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Government-wide Financial Analysis (Concluded)

Statement of Activities (Concluded)

STATEMENT OF ACTIVITIES

BUSINESS-TYPE ACTIVITIES

	2012	2011	Increase / (Decrease)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Program Revenues:			
Charges for services	\$ 95,118	\$ 28,623	66,495
Total revenues	<u>95,118</u>	<u>28,623</u>	66,495
Expenses:			
Salaries and benefits	23,186	7,583	15,603
Purchased services	77,724	10,592	67,132
Supplies and materials	7,595	1,885	5,710
Payments to other governments	1,550	2,590	(1,040)
Depreciation	1,807	1,873	(66)
Total expenses	<u>111,862</u>	<u>24,523</u>	87,339
Operating (loss) revenue	(16,744)	4,100	(20,844)
Net assets - beginning	<u>271,646</u>	<u>267,546</u>	4,100
Net assets - ending	<u><u>\$ 254,902</u></u>	<u><u>\$ 271,646</u></u>	(16,744)

Revenues from business-type activities were \$95,118 and expenses were \$111,862. The Regional Office of Education #3's business-type activities include workshops that involve charges for service. Expenses include salaries and purchases of goods and supplies to support these activities.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Financial Analysis of the Regional Office of Education #3's Funds

The Regional Office of Education #3 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #3's governmental funds reported combined net assets of \$41,415 above last year's ending net asset balance of \$655,448. The Regional Office of Education #3's proprietary funds reported combined net assets of \$16,744 below last year's ending fund balance of \$271,646.

Governmental Fund Highlights

- The Regional Office of Education #3's Federal revenue was much lower this year because of lack of federal grant funds.

Proprietary Fund Highlights

- As part of its mission, the Regional Office of Education #3 continues to provide workshop and training services to school districts even during economically challenging times. Many workshops were offered free-of-charge and below cost-recovery in order to meet organizational objectives. This is not a practice that the Regional Office can continue.

Budgetary Highlights

The Regional Office of Education #3 annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles; however, the annual budget is not required to be legally adopted. All grant funds are expended according to budgets approved by the granting entity. A schedule showing the original and final budget amounts compared to the Regional Office of Education #3's actual financial activity is included in the supplementary information section of this report.

Factors Bearing on the Regional Office of Education #3's Future

At the time these financial statements were prepared and audited, the Regional Office of Education #3 was aware of several existing circumstances that could significantly impact its financial health in the future:

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Factors Bearing on the Regional Office of Education #3's Future (Concluded)

- The Regional Office of Education #3 is obligated to provide programs and services in compliance with statutory, regulatory and mandated requirements from the Legislature and the Illinois State Board of Education. These programs and services are provided even though payments from the State have not been timely. The Regional Office of Education #3 must maintain a proficient professional and clerical staff in order to provide a consistent level of service to the constituents of the educational service region served by the regional superintendent of schools. Reliance on delayed State and federal funding brings an element of uncertainty to the budgeting process each year, yet the mandated programs and services have no contingencies built in.
- A limited number of federal and State grant programs help support the Regional Office of Education #3's Educational Services Division and the Alternative Education Programs. Funding from these grant programs is not assured from year to year. Because of limited availability of funds to other agencies and organizations, there is increased competition for funded grant programs due in part to a reduction in the amount of grant funding available and the similar financial circumstances all entities are experiencing. The future of the Alternative Education Programs and the Educational Services Division (and the programs and services they provide) is directly dependent on their abilities to compete for grant funding. The Alternative Education Programs have been expanding due to increased needs by the districts for placement of students requiring alternative educational services.
- The Regional Office of Education #3 operates under conservative fiscal management and will continue to remain productive through the current State budgetary conundrum through frugal fiscal management, staying within fiscal limits and by utilizing human resources and physical resources effectively. A continuous review of current and past practices, as well as current operations policies has led to practical modifications resulting in reduction of expenditures and reasonably stable fund balances.

Contacting the Regional Office of Education #3's Financial Management

This financial report is designed to provide those citizens and taxpayers who reside within the Bond, Fayette, and Effingham Counties Regional Office of Education #3 boundaries with a general overview of the Regional Office of Education #3's finances and to demonstrate the Regional Office of Education #3's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Office of Education #3, 300 South Seventh Street, Vandalia, IL 62471.

BASIC FINANCIAL STATEMENTS

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF NET ASSETS
June 30, 2012**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 723,855	\$ 153,372	\$ 877,227
Due from other governments	132,961	4,760	137,721
Internal balances	(95,390)	95,390	-
Total current assets	761,426	253,522	1,014,948
Noncurrent assets:			
Capital assets, net	37,223	1,380	38,603
Total assets	798,649	254,902	1,053,551
LIABILITIES			
Current liabilities:			
Accounts payable	34,064	-	34,064
Salaries and benefits payable	40,215	-	40,215
Due to other governments	22,471	-	22,471
Deferred revenue	5,036	-	5,036
Total current liabilities	101,786	-	101,786
NET ASSETS			
Invested in capital assets	37,223	1,380	38,603
Restricted for educational purposes	132,775	-	132,775
Unrestricted	526,865	253,522	780,387
Total net assets	\$ 696,863	\$ 254,902	\$ 951,765

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2012**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 898,249	\$ -	\$ 699,217	\$ (199,032)	\$ -	\$ (199,032)
Purchased services	363,862	-	205,859	(158,003)	-	(158,003)
Supplies and materials	57,436	-	49,734	(7,702)	-	(7,702)
Capital outlay	-	-	19,311	19,311	-	19,311
Payments to other governments	55,663	-	55,861	198	-	198
Depreciation	16,919	-	-	(16,919)	-	(16,919)
Administrative:						
On-behalf payments - local	10,637	-	-	(10,637)	-	(10,637)
On-behalf payments - state	250,766	-	-	(250,766)	-	(250,766)
Total governmental activities	<u>1,653,532</u>	<u>-</u>	<u>1,029,982</u>	<u>(623,550)</u>	<u>-</u>	<u>(623,550)</u>
Business-type activities						
Instructional services	<u>111,862</u>	<u>95,118</u>	<u>-</u>	<u>-</u>	<u>(16,744)</u>	<u>(16,744)</u>
Total primary government	<u>\$ 1,765,394</u>	<u>\$ 95,118</u>	<u>\$ 1,029,982</u>	<u>(623,550)</u>	<u>(16,744)</u>	<u>(640,294)</u>
General revenues:						
Local sources				402,508	-	402,508
On-behalf payments - local				10,637	-	10,637
On-behalf payments - state				250,766	-	250,766
Interest				<u>1,054</u>	<u>-</u>	<u>1,054</u>
Total general revenues				<u>664,965</u>	<u>-</u>	<u>664,965</u>
Change in net assets				41,415	(16,744)	24,671
Net assets - beginning				<u>655,448</u>	<u>271,646</u>	<u>927,094</u>
Net assets - ending				<u>\$ 696,863</u>	<u>\$ 254,902</u>	<u>\$ 951,765</u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 582,779	\$ 67,036	\$ 74,040	\$ 723,855
Due from other governments	-	127,552	5,409	132,961
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 582,779</u>	<u>\$ 194,588</u>	<u>\$ 79,449</u>	<u>\$ 856,816</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 30,344	\$ -	\$ 3,720	\$ 34,064
Salaries and benefits payable	25,570	14,463	182	40,215
Due to other funds	-	95,390	-	95,390
Due to other governments	-	22,471	-	22,471
Deferred revenue	-	52,029	2,167	54,196
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>55,914</u>	<u>184,353</u>	<u>6,069</u>	<u>246,336</u>
FUND BALANCES				
Restricted	-	59,897	73,380	133,277
Assigned	455,875	-	-	455,875
Unassigned	70,990	(49,662)	-	21,328
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>526,865</u>	<u>10,235</u>	<u>73,380</u>	<u>610,480</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 582,779</u>	<u>\$ 194,588</u>	<u>\$ 79,449</u>	<u>\$ 856,816</u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS**

June 30, 2012

Total fund balances-governmental funds	\$ 610,480
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Amounts reported for governmental activities in the Statement of Net Assets 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.	49,160
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>37,223</u>
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Net assets of governmental activities	<u><u>\$ 696,863</u></u>
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The notes to the financial statements are an integral part of this statement.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2012**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 341,812	\$ 14,981	\$ 45,715	\$ 402,508
State sources	502,086	342,399	11,527	856,012
Federal sources	-	210,493	-	210,493
On-behalf payments	261,403	-	-	261,403
Interest	1,054	-	-	1,054
Total revenues	1,106,355	567,873	57,242	1,731,470
Expenditures:				
Instructional services:				
Salaries and benefits	519,235	365,081	13,933	898,249
Purchased services	216,004	123,572	24,286	363,862
Supplies and materials	29,578	22,709	5,149	57,436
Payments to other governments	-	55,663	-	55,663
On-behalf payments	261,403	-	-	261,403
Capital outlay	14,963	5,972	-	20,935
Total expenditures	1,041,183	572,997	43,368	1,657,548
Excess (deficiency) of revenues over (under) expenditures	65,172	(5,124)	13,874	73,922
Fund balances, beginning of year	461,693	15,359	59,506	536,558
Fund balances, end of year	<u>\$ 526,865</u>	<u>\$ 10,235</u>	<u>\$ 73,380</u>	<u>\$ 610,480</u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**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	\$ 73,922
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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.

Current year revenue that will not be collected within 60 days of the Regional Office's fiscal year end is considered "deferred" revenue in the fund statements.	\$ 49,160	
Prior year "deferred" revenue that is recorded as revenue in the fund statements in the current year.	<u>(85,683)</u>	(36,523)

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	\$ 20,935	
Depreciation expense	<u>(16,919)</u>	<u>4,016</u>

Change in net assets of governmental activities	<u><u>\$ 41,415</u></u>
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The notes to the financial statements are an integral part of this statement.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012**

	Business-Type Activities
	Enterprise Fund Workshops
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 153,372
Due from other governments	4,760
Due from other funds	95,390
Total current assets	253,522
Noncurrent assets:	
Capital assets, net	1,380
Total assets	254,902
NET ASSETS	
Invested in capital assets	1,380
Unrestricted	253,522
Total net assets	\$ 254,902

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended June 30, 2012**

	Business-Type Activities
	<u>Enterprise Fund</u> <u>Workshops</u>
Operating revenues:	
Charges for services	<u>\$ 95,118</u>
Operating expenses:	
Salaries and benefits	23,186
Purchased services	77,724
Supplies and materials	7,595
Payments to other governments	1,550
Depreciation	<u>1,807</u>
Total operating expenses	<u>111,862</u>
Operating loss	(16,744)
Total net assets - beginning	<u>271,646</u>
Total net assets - ending	<u><u>\$ 254,902</u></u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2012**

	Business-Type Activities
	Enterprise Fund Workshops
Cash flows from operating activities:	
Collection of fees	\$ 91,513
Payments to suppliers and providers of goods and services	(86,869)
Payments to employees	(23,186)
Net cash used for operating activities	(18,542)
 Cash flows for noncapital financing activities:	
Receipts from interfund borrowing, net	96,322
Net increase in cash and cash equivalents	77,780
 Cash and cash equivalents- beginning	75,592
 Cash and cash equivalents- ending	\$ 153,372
 Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (16,744)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,807
Increase in due from other governments	(3,605)
Net cash used for operating activities	\$ (18,542)

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

NOTES TO FINANCIAL STATEMENTS

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #3's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education #3 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Bond, Fayette, and Effingham counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. 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 Office of Education #3 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education #3 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education #3's financial statements. In addition, the Regional Office of Education #3 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #3 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from the *business-type activities*, which rely to a significant extent on fees and charges for support.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Net Assets includes all of the Regional Office of Education #3's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor 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 and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Assets, and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated.

C. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets 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 the modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., when both measurable and available. Available means collectible within the current period, typically 60 days, 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. Revenue received after the Regional Office's availability period is reported as deferred revenue in the fund statements and is reported as current revenue in the Statement of Activities.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education #3's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses.

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

It is the Regional Office of Education #3's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

1. Governmental Funds

The Regional Office of Education #3 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #3 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education #3. Included in this fund are:

General - This fund provides funding for expenditures incurred in order to operate the Regional Office of Education #3.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds

General Fund (Continued)

County - This fund accounts for the shared expenses incurred in the operation of the Regional Superintendent's office.

EIU - This fund provides the opportunity for teachers and administrators to earn graduate credit through participation in weekend classes in programs leading to advanced degrees. Programs currently offered include a Master's Degree in Guidance and Counseling and a Master's or Specialist Degree in School Administration from EIU.

Attendance Officer - This program provides funding for a truant officer which is utilized to pay for related truancy expenses.

Curriculum COOP - This program accounts for local receipts from participating districts that are used to pay for joint events.

Truant Alternative/Optional Education General State Aid - This fund accounts for General State Aid received to support the Truants Alternative/Optional Education Program.

Regional Safe Schools Program General State Aid - This fund accounts for General State Aid received to support the Regional Safe Schools programs.

Tuition - This fund accounts for tuition payments from local districts sending students to alternative education programs provided by the Regional Office of Education #3.

Education Fund - This Special Revenue 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:

Early Childhood - This program provides support that allows qualified early childhood educators to provide in home and group assistance to families with at risk children of birth to five years of age to prepare for learning when they become school age.

ROE/ISC Operations - This fund accounts for comprehensive services to improve education in the Region in the areas of gifted, staff development, administrator academies, school improvement, and technology.

Illinois Family Violence Coordinating Council - This program provides support for coordination of committees whose members focus on identifying and reducing incidences of domestic violence.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

Education Fund (Continued)

Truants Alternative/Optional Education - This program provides funding for services designed to prevent students from dropping out of school.

Adult Education & Family Literacy - This program provides funding to assist students in the completion of a secondary education.

Regional Safe Schools - This program provides funding for an alternative school program for disruptive youth in grades 6-9 who have been removed from the regular school setting due to continuous disruptions in the classroom.

McKinney Education For Homeless Children - This program provides training and technical assistance to school districts in the 16 counties to assist school officials in understanding and complying with the McKinney-Vento Act.

Beginning Teacher Induction Pilot Program - This program provides staff development sessions, mentor support, and materials to teachers in their first and second years in the profession. The project is designed to provide continuous professional support as new teachers move through the certification process, from initial to standard.

Alternative Education Programs - Other - This fund regulates local, state, and federal revenue and expenses involving breakfast and lunch for the alternative schools.

ARRA – McKinney Education For Homeless Children - American Recovery and Reinvestment Act funding was provided to the Regional Office of Education #3 and 34 school districts in Area V to fund programs and services to support homeless education. This included creating, retaining and funding positions for trainers, liaisons, tutors, teachers, counselors, etc. The Regional Office of Education #3 served as the fiscal agent for Area V.

ARRA – Title I School Improvement & Accountability - This grant provides school improvement services and training for the school(s) in the region on an academic warning list which did not meet AYP for two years in a row.

IFVCC Arrest Grant - The IFVCC and the 23 local Councils from each Judicial Circuit will work on updating and developing protocols and statewide implementation of the protocols for law enforcement and prosecutors to address domestic violence during the first year of the grant and elder abuse and abuse of persons with disabilities during the second year of grant activities. Coordinated Community Response Teams (law enforcement, prosecutor, domestic violence advocate, elder services advocate, and persons with disabilities advocate) from each Circuit will receive training at the state level. They will then return to their home Circuits and train local law enforcement and prosecutors.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds

Additionally, the Regional Office of Education #3 reports the following nonmajor governmental funds:

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 specific purposes. Included among these funds are:

General Education Development (GED) - This fund accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

ROE School Bus Driver Training - This fund accounts for State and local receipts and expenses designed for initial and refresher courses of instruction for school bus drivers.

Supervisory - 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.

Institute - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses to promote the professional growth of teachers and school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

2. Proprietary Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

The Regional Office of Education #3 reports the following major proprietary fund:

Workshops - To account for the fees and local revenues received and related expenses incurred while performing the corresponding program services.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The Regional Office of Education #3 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of less than 90 days to be cash and cash equivalents. State regulations require that the Regional Office of Education #3 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #3 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

2. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.”

3. Capital Assets

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Capital assets are depreciated using straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment and furniture	5-10
Computer equipment	3-5
Other equipment and leasehold improvements	5-20

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Compensated Absences

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days, and therefore, no liability is accrued.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 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.

5. Equity Classifications

Government-wide Statements

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

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

Fund Statements

Governmental fund equity is classified as fund balance. 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 assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no funds presenting a nonspendable fund balance.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

5. Equity Classifications (Continued)

Fund Statements (Continued)

Restricted Fund Balance – the portion of a Governmental Fund’s net assets that are subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: Illinois Family Violence Coordinating Council, and Alternative Education Programs – Other. The following funds are restricted by Illinois Statute: General Education Development, ROE School Bus Driver Training, Supervisory, and Institute.

Committed Fund Balance – 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.

Assigned Fund Balance – 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 a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: EIU, Attendance Officer, Curriculum COOP, Truant Alternative/Optional Education GSA, Regional Safe Schools Program GSA, and Tuition.

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 General, County, McKinney Education for Homeless Children, and IFVCC Arrest Grant.

E. New Accounting Pronouncement

In 2012, the Regional Office of Education #3 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*. The Regional Office of Education #3 implemented these standards during the current year; however, they had no impact on the financial statements.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

2. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education #3 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgets relating to programs funded by grants from the Illinois Community College Board must also be prepared and submitted for approval. Budgetary Comparison Schedules have been presented for the following grants received from the Illinois State Board of Education or the Illinois Community College Board: Early Childhood 3705-00, Early Childhood 3705-01, ROE/ISC Operations, Truants Alternative/Optional Education, Adult Education & Family Literacy, Regional Safe Schools, McKinney Education for Homeless Children, Beginning Teacher Induction Pilot Program, ARRA-McKinney Education for Homeless Children, and ARRA – Title I – School Improvement & Accountability.

3. USE OF ESTIMATES

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

4. DEPOSITS

At June 30, 2012, the carrying amount of the Regional Office of Education #3's deposits for the governmental activities and business-type activities were \$723,855 and \$153,372, respectively. The bank balance for the governmental and business-type activities totaled \$894,790 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #3's name, and were, therefore, not exposed to custodial credit risk. The Illinois Funds Money Market Fund accounts had a total balance of \$2,100 at June 30, 2012. This amount is fully collateralized and not subject to credit risk.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Office equipment and furniture	\$ 71,230	\$ 3,545	\$ -	\$ 74,775
Computer equipment	82,680	1,398	(3,831)	80,247
Other equipment and leasehold improvements	76,589	15,992	(29,265)	63,316
Total capital assets being depreciated	<u>230,499</u>	<u>20,935</u>	<u>(33,096)</u>	<u>218,338</u>
Less accumulated depreciation for:				
Office equipment and furniture	(59,248)	(6,740)	-	(65,988)
Computer equipment	(74,543)	(7,842)	3,831	(78,554)
Other equipment and leasehold improvements	(63,501)	(2,337)	29,265	(36,573)
Total accumulated depreciation	<u>(197,292)</u>	<u>(16,919)</u>	<u>33,096</u>	<u>(181,115)</u>
Governmental activities capital assets, net	<u>\$ 33,207</u>	<u>\$ 4,016</u>	<u>\$ -</u>	<u>\$ 37,223</u>
Business-type activities:				
Capital assets being depreciated:				
Office equipment and furniture	\$ 37,500	\$ -	\$ -	\$ 37,500
Computer equipment	21,855	-	(2,080)	19,775
Other equipment and leasehold improvements	21,700	-	-	21,700
Total capital assets being depreciated	<u>81,055</u>	<u>-</u>	<u>(2,080)</u>	<u>78,975</u>
Less accumulated depreciation for:				
Office equipment and furniture	(35,040)	(1,229)	-	(36,269)
Computer equipment	(21,128)	(578)	2,080	(19,626)
Other equipment and leasehold improvements	(21,700)	-	-	(21,700)
Total accumulated depreciation	<u>(77,868)</u>	<u>(1,807)</u>	<u>2,080</u>	<u>(77,595)</u>
Business-type activities capital assets, net	<u>\$ 3,187</u>	<u>\$ (1,807)</u>	<u>\$ -</u>	<u>\$ 1,380</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education #3 as follows:

Governmental activities:	
Instructional services	<u>\$ 16,919</u>
Business-type activities:	
Instructional services	<u>\$ 1,807</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education #3 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2012 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #3's TRS-covered employees.

On-Behalf Contributions to TRS - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #3. For the year ended June 30, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #3 recognized revenue and expenditures of \$104,531 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011, and June 30, 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$132,990) and 23.38 percent (\$142,745), respectively.

The Regional Office of Education #3 makes other types of employer contributions directly to TRS.

2.2 Formula Contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$1,901. Contributions for the years ended June 30, 2011, and June 30, 2010 were \$2,403 and \$2,598, respectively.

Federal and Special Trust Fund Contributions - When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #3, there is a statutory requirement for the Regional Office of Education #3 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012, salaries totaling \$30,731 were paid from federal and special trust funds that required employer contributions of \$7,655. For the years ended June 30, 2011, and June 30, 2010, required Regional Office of Education #3 contributions were \$5,028 and \$4,645, respectively.

Early Retirement Option – The Regional Office of Education #3 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer ERO contribution was 117.5 percent and applies when the member is age 55 at retirement.

For the years ended June 30, 2012, June 30, 2011 and June 30, 2010, the Regional Office of Education #3 made no payments to TRS for employer contributions under the Early Retirement Option.

Salary Increases Over 6 Percent and Excess Sick Leave – If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the years ended June 30, 2012, June 30, 2011, and June 30, 2010, the Regional Office of Education #3 made no payments for employer contributions to TRS due on salary increases in excess of 6 percent.

If the Regional Office of Education #3 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #3 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the years ended June 30, 2012, June 30, 2011, and June 30, 2010, the Regional Office of Education #3 made no payments for employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012.

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

B. Illinois Municipal Retirement Fund

Plan Description – The Regional Office of Education #3’s defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #3’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 on-line at www.imrf.org.

Funding Policy – As set by statute, the Regional Office of Education #3’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 11.76 percent. The Regional Office of Education #3 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 \$65,532.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	\$ 65,532	100%	\$ -
12/31/2010	68,608	100%	-
12/31/2009	46,252	100%	-

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.0 percent annually. The actuarial value of the Regional Office of Education #3'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 20.0 percent corridor between the actuarial and market value of assets. The Regional Office of Education #3'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.

Funded Status and Funding Progress – As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 82.44 percent funded. The actuarial accrued liability for benefits was \$1,615,028 and the actuarial value of assets was \$1,331,444, resulting in an underfunded actuarial accrued liability (UAAL) of \$283,584. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$557,246 and the ratio of the UAAL to the covered payroll was 51 percent.

The schedule of funding progress, presented as required supplementary information (RSI) 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.

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

7. OTHER POST EMPLOYMENT BENEFITS

Teacher Health Insurance Security Fund

The Regional Office of Education #3 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

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

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

On behalf contributions to THIS Fund - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #3. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$2,884, and the Regional Office of Education #3 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of Regional Office employees were \$3,645 and \$3,756, respectively.

Employer contributions to THIS Fund - The Regional Office of Education #3 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the Regional Office of Education #3 paid \$2,163 to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the Regional Office of Education #3 paid \$2,734 and \$2,817 to the THIS Fund, respectively, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

8. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2012, interfund receivables and payables were as follows:

Due To (Receivable)	Due From (Payable)	Balance at June 30, 2012
Proprietary Fund:	Education Fund:	
Workshops	Truants Alternative/Optional Education Program	\$ 20,632
	Adult Education & Family Literacy	8,000
	Regional Safe Schools	13,493
	McKinney Education for Homeless Children	50,596
	IFVCC Arrest Grant	2,669
		<u>\$ 95,390</u>

At June 30, 2012, all of the interfund balances consisted of loans between individual funds within the same pooled cash account. The loans were used to cover cash shortages in these individual funds.

9. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education #3 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education #3 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

10. ON-BEHALF PAYMENTS

The Regional Office of Education #3 received on-behalf payments for employee salaries and benefits from the following entities for the following items:

Fayette County:		
Office staff benefits	\$	5,207
Effingham County:		
Office staff benefits		5,430
Total on-behalf payments - local		<u>10,637</u>
State of Illinois:		
Regional Superintendent-salary		62,580
Regional Superintendent-benefits (includes State paid insurance)		16,979
Assistant Regional Superintendent-salary		60,078
Assistant Regional Superintendent-benefits (includes State paid insurance)		3,714
THIS contributions		2,884
TRS pension contributions		104,531
Total on-behalf payments - state		<u>250,766</u>
Total on-behalf payments	\$	<u>261,403</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

10. 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.

The on-behalf payments are reflected as revenues and expenditures of the General Fund.

11. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS

The Regional Office of Education #3 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. The Regional Office of Education #3 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

12. OPERATING LEASE

The Bond, Fayette, and Effingham Counties Regional Office of Education #3 has entered into annual operating leases through June 30, 2012 for its Alternative Education Programs to provide classroom space for the Focus and New Approach Schools and office space for grant programs. Rent expense for 2012 totaled \$58,820.

13. DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #3's Education, Nonmajor Special Revenue, and Enterprise Funds have amounts due from and due to various other governmental units which consist of the following at June 30, 2012:

Due From Other Governments:

Education Fund:

Illinois State Board of Education	\$ 117,068
Illinois Community College Board	<u>10,484</u>

127,552

Nonmajor Governmental Funds:

Illinois Department of Corrections	<u>5,409</u>
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Enterprise Funds:

Local school districts	<u>4,760</u>
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Total	<u><u>\$ 137,721</u></u>
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Due To Other Governments:

Education Fund:

Local school districts	<u><u>\$ 22,471</u></u>
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**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

14. CONTINGENCIES

The Regional Office of Education #3 has received funding from federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #3 believes any adjustments that may arise will be insignificant to the Regional Office of Education #3's operations.

15. DEFICIT FUND BALANCES

The following individual funds carried the following deficit balances as of June 30, 2012:

McKinney Education for Homeless Children	\$ 46,993
IFVCC Arrest Grant	2,669

The Regional Office of Education #3 intends to reduce these deficits by collecting revenues not considered "available" at June 30, 2012.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
UNAUDITED**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b - a) / c]</u>
12/31/2011	\$ 1,331,444	\$ 1,615,028	\$ 283,584	82.44 %	\$ 557,246	50.89 %
12/31/2010	1,207,940	1,474,587	266,647	81.92 %	618,094	43.14 %
12/31/2009	1,098,927	1,276,996	178,069	86.06 %	576,703	30.88 %

On a market value basis, the actuarial value of assets as of December 31, 2011 was \$1,283,605. On a market basis, the funded ratio would be 79.48 percent.

SUPPLEMENTAL INFORMATION

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2012**

	General	County	EIU
ASSETS			
Cash and cash equivalents	\$ 44,703	\$ 28,883	\$ 34,695
Total assets	\$ 44,703	\$ 28,883	\$ 34,695
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 30,344
Salaries and benefits payable	-	2,596	-
Total liabilities	-	2,596	30,344
FUND BALANCES			
Assigned	-	-	4,351
Unassigned	44,703	26,287	-
Total fund balances	44,703	26,287	4,351
Total liabilities and fund balances	\$ 44,703	\$ 28,883	\$ 34,695

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
GENERAL FUND
June 30, 2012**

	Attendance Officer	Curriculum COOP	Truant Alternative/ Optional Education GSA
ASSETS			
Cash and cash equivalents	\$ 9,751	\$ 5,065	\$ 296,587
Total assets	\$ 9,751	\$ 5,065	\$ 296,587
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	110	-	17,464
Total liabilities	110	-	17,464
FUND BALANCES			
Assigned	9,641	5,065	279,123
Unassigned	-	-	-
Total fund balances	9,641	5,065	279,123
Total liabilities and fund balances	\$ 9,751	\$ 5,065	\$ 296,587

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
GENERAL FUND
June 30, 2012**

	<u>Regional Safe Schools Program GSA</u>	<u>Tuition</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 91,557	\$ 71,538	\$ 582,779
Total assets	<u>\$ 91,557</u>	<u>\$ 71,538</u>	<u>\$ 582,779</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 30,344
Salaries and benefits payable	<u>5,400</u>	<u>-</u>	<u>25,570</u>
Total liabilities	<u>5,400</u>	<u>-</u>	<u>55,914</u>
FUND BALANCES			
Assigned	86,157	71,538	455,875
Unassigned	<u>-</u>	<u>-</u>	<u>70,990</u>
Total fund balances	<u>86,157</u>	<u>71,538</u>	<u>526,865</u>
Total liabilities and fund balances	<u>\$ 91,557</u>	<u>\$ 71,538</u>	<u>\$ 582,779</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2012**

	<u>General</u>	<u>County</u>	<u>EIU</u>
Revenues:			
Local sources	\$ 10,389	\$ 190,890	\$ 105,221
State sources	-	-	-
On-behalf payments	261,403	-	-
Interest	853	-	-
	<u>272,645</u>	<u>190,890</u>	<u>105,221</u>
Total revenues			
Expenditures:			
Salaries and benefits	36,139	156,847	2,872
Purchased services	6,351	25,566	105,438
Supplies and materials	-	5,004	-
Capital outlay	-	1,624	-
On-behalf payments	261,403	-	-
	<u>303,893</u>	<u>189,041</u>	<u>108,310</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(31,248)	1,849	(3,089)
Fund balances, beginning of year	<u>75,951</u>	<u>24,438</u>	<u>7,440</u>
Fund balances, end of year	<u>\$ 44,703</u>	<u>\$ 26,287</u>	<u>\$ 4,351</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2012**

	Attendance Officer	Curriculum COOP	Truant Alternative/ Optional Education GSA
Revenues:			
Local sources	\$ 6,400	\$ 3,555	\$ 80
State sources	-	-	357,927
On-behalf payments	-	-	-
Interest	-	-	201
	<u>6,400</u>	<u>3,555</u>	<u>358,208</u>
Total revenues			
Expenditures:			
Salaries and benefits	3,114	-	246,082
Purchased services	1,743	1,031	67,907
Supplies and materials	-	-	3,759
Capital outlay	-	-	13,339
On-behalf payments	-	-	-
	<u>4,857</u>	<u>1,031</u>	<u>331,087</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	1,543	2,524	27,121
Fund balances, beginning of year	<u>8,098</u>	<u>2,541</u>	<u>252,002</u>
Fund balances, end of year	<u>\$ 9,641</u>	<u>\$ 5,065</u>	<u>\$ 279,123</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Concluded)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2012**

	Regional Safe Schools Program GSA	Tuition	Totals
Revenues:			
Local sources	\$ -	\$ 25,277	\$ 341,812
State sources	144,159	-	502,086
On-behalf payments	-	-	261,403
Interest	-	-	1,054
Total revenues	144,159	25,277	1,106,355
Expenditures:			
Salaries and benefits	74,181	-	519,235
Purchased services	5,468	2,500	216,004
Supplies and materials	18,101	2,714	29,578
Capital outlay	-	-	14,963
On-behalf payments	-	-	261,403
Total expenditures	97,750	5,214	1,041,183
Excess (deficiency) of revenues over (under) expenditures	46,409	20,063	65,172
Fund balances, beginning of year	39,748	51,475	461,693
Fund balances, end of year	<u>\$ 86,157</u>	<u>\$ 71,538</u>	<u>\$ 526,865</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2012**

	Early Childhood	ROE/ISC Operations	Illinois Family Violence Coordinating Council
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 11,743
Due from other governments	-	-	-
	-	-	-
Total assets	\$ -	\$ -	\$ 11,743
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries and benefits payable	\$ -	\$ -	\$ -
Due to other governments	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	5,036
	-	-	5,036
Total liabilities	-	-	5,036
FUND BALANCES (DEFICITS)			
Restricted	-	-	6,707
Unassigned	-	-	-
	-	-	-
Total fund balance	-	-	6,707
Total liabilities and fund balances	\$ -	\$ -	\$ 11,743

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2012**

	Truants Alternative/ Optional Education	Adult Education & Family Literacy	Regional Safe Schools
ASSETS			
Cash and cash equivalents	\$ -	\$ 2,320	\$ -
Due from other governments	27,380	10,484	16,404
Total assets	\$ 27,380	\$ 12,804	\$ 16,404
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries and benefits payable	\$ 6,748	\$ 4,804	\$ 2,911
Due to other governments	-	-	-
Due to other funds	20,632	8,000	13,493
Deferred revenue	-	-	-
Total liabilities	27,380	12,804	16,404
FUND BALANCES (DEFICITS)			
Restricted	-	-	-
Unassigned	-	-	-
Total fund balance	-	-	-
Total liabilities and fund balances	\$ 27,380	\$ 12,804	\$ 16,404

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2012**

	<u>McKinney Education for Homeless Children</u>	<u>Beginning Teacher Induction Pilot Program</u>	<u>Alternative Education Programs - Other</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 52,973
Due from other governments	73,067	-	217
	<u>73,067</u>	<u>-</u>	<u>53,190</u>
Total assets	<u>\$ 73,067</u>	<u>\$ -</u>	<u>\$ 53,190</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries and benefits payable	\$ -	\$ -	\$ -
Due to other governments	22,471	-	-
Due to other funds	50,596	-	-
Deferred revenue	46,993	-	-
	<u>120,060</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>120,060</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted	-	-	53,190
Unassigned	(46,993)	-	-
	<u>(46,993)</u>	<u>-</u>	<u>53,190</u>
Total fund balance	<u>(46,993)</u>	<u>-</u>	<u>53,190</u>
Total liabilities and fund balances	<u>\$ 73,067</u>	<u>\$ -</u>	<u>\$ 53,190</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2012**

	<u>ARRA - McKinney Education for Homeless Children</u>	<u>ARRA - Title I School Improvement & Accountability</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Due from other governments	-	-
	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Salaries and benefits payable	\$ -	\$ -
Due to other governments	-	-
Due to other funds	-	-
Deferred revenue	-	-
	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)		
Restricted	-	-
Unassigned	-	-
	<hr/>	<hr/>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2012**

	IFVCC Arrest Grant	Total
ASSETS		
Cash and cash equivalents	\$ -	\$ 67,036
Due from other governments	-	127,552
	-	127,552
Total assets	\$ -	\$ 194,588
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Salaries and benefits payable	\$ -	\$ 14,463
Due to other governments	-	22,471
Due to other funds	2,669	95,390
Deferred revenue	-	52,029
	-	52,029
Total liabilities	2,669	184,353
FUND BALANCES (DEFICITS)		
Restricted	-	59,897
Unassigned	(2,669)	(49,662)
	(2,669)	(49,662)
Total fund balance	(2,669)	10,235
Total liabilities and fund balances	\$ -	\$ 194,588

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	Early Childhood	ROE/ISC Operations	Illinois Family Violence Coordinating Council
Revenues:			
Local sources	\$ -	\$ -	\$ 2,175
State sources	7,536	30,188	20,937
Federal sources	-	-	-
Total revenues	<u>7,536</u>	<u>30,188</u>	<u>23,112</u>
Expenditures:			
Salaries and benefits	7,204	26,207	17,420
Purchased services	332	-	5,537
Supplies and materials	-	-	756
Capital outlay	-	-	-
Payments to other governments	-	-	-
Total expenditures	<u>7,536</u>	<u>26,207</u>	<u>23,713</u>
Excess (deficiency) of revenues over (under) expenditures	-	3,981	(601)
Fund balances (deficits), beginning of year	<u>-</u>	<u>(3,981)</u>	<u>7,308</u>
Fund balances (deficits), end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,707</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	Truants Alternative/ Optional Education	Adult Education & Family Literacy	Regional Safe Schools
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	109,700	70,556	77,750
Federal sources	-	28,093	-
Total revenues	109,700	98,649	77,750
Expenditures:			
Salaries and benefits	86,910	57,654	39,312
Purchased services	13,305	12,375	25,655
Supplies and materials	3,165	-	7,437
Capital outlay	-	-	-
Payments to other governments	-	-	-
Total expenditures	103,380	70,029	72,404
Excess (deficiency) of revenues over (under) expenditures	6,320	28,620	5,346
Fund balances (deficits), beginning of year	(6,320)	(28,620)	(5,346)
Fund balances (deficits), end of year	\$ -	\$ -	\$ -

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	McKinney Education for Homeless Children	Beginning Teacher Induction Pilot Program	Alternative Education Programs - Other
Revenues:			
Local sources	\$ -	\$ -	\$ 12,806
State sources	-	24,485	1,247
Federal sources	122,401	-	33,250
Total revenues	<u>122,401</u>	<u>24,485</u>	<u>47,303</u>
Expenditures:			
Salaries and benefits	97,358	9,471	-
Purchased services	16,301	3,491	46,431
Supplies and materials	3,525	2,365	-
Capital outlay	-	-	-
Payments to other governments	52,210	9,158	-
Total expenditures	<u>169,394</u>	<u>24,485</u>	<u>46,431</u>
Excess (deficiency) of revenues over (under) expenditures	(46,993)	-	872
Fund balances (deficits), beginning of year	<u>-</u>	<u>-</u>	<u>52,318</u>
Fund balances (deficits), end of year	<u>\$ (46,993)</u>	<u>\$ -</u>	<u>\$ 53,190</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	<u>ARRA - McKinney Education for Homeless Children</u>	<u>ARRA - Title I School Improvement & Accountability</u>
Revenues:		
Local sources	\$ -	\$ -
State sources	-	-
Federal sources	4,652	22,097
	<u>4,652</u>	<u>22,097</u>
Total revenues	<u>4,652</u>	<u>22,097</u>
Expenditures:		
Salaries and benefits	9,028	11,978
Purchased services	(484)	499
Supplies and materials	2,102	3,359
Capital outlay	5,972	-
Payments to other governments	(11,966)	6,261
	<u>(11,966)</u>	<u>6,261</u>
Total expenditures	<u>4,652</u>	<u>22,097</u>
Excess (deficiency) of revenues over (under) expenditures	-	-
Fund balances (deficits), beginning of year	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Concluded)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	IFVCC Arrest Grant	Total
Revenues:		
Local sources	\$ -	\$ 14,981
State sources	-	342,399
Federal sources	-	210,493
	-	567,873
Expenditures:		
Salaries and benefits	2,539	365,081
Purchased services	130	123,572
Supplies and materials	-	22,709
Capital outlay	-	5,972
Payments to other governments	-	55,663
	2,669	572,997
Excess (deficiency) of revenues over (under) expenditures	(2,669)	(5,124)
Fund balances (deficits), beginning of year	-	15,359
Fund balances (deficits), end of year	\$ (2,669)	\$ 10,235

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD - PROJECT #11-3705-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 21,584</u>	<u>\$ 21,584</u>	<u>\$ 170</u>	<u>\$ (21,414)</u>
Expenditures:				
Salaries and benefits	14,945	14,945	-	14,945
Purchased services	6,150	4,650	170	4,480
Supplies and materials	<u>489</u>	<u>1,989</u>	<u>-</u>	<u>1,989</u>
Total expenditures	<u>21,584</u>	<u>21,584</u>	<u>170</u>	<u>21,414</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD - PROJECT #11-3705-01
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 32,611</u>	<u>\$ 39,816</u>	<u>\$ 7,366</u>	<u>\$ (32,450)</u>
Expenditures:				
Salaries and benefits	27,995	35,200	7,204	27,996
Purchased services	4,509	3,509	162	3,347
Supplies and materials	<u>107</u>	<u>1,107</u>	<u>-</u>	<u>1,107</u>
Total expenditures	<u>32,611</u>	<u>39,816</u>	<u>7,366</u>	<u>32,450</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #11-3730-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 29,106</u>	<u>\$ 52,997</u>	<u>\$ 3,981</u>	<u>\$ (49,016)</u>
Expenditures:				
Salaries and Benefits	8,260	31,125	-	31,125
Purchased services	14,746	15,772	-	15,772
Supplies and materials	3,600	3,600	-	3,600
Capital outlay	2,000	2,000	-	2,000
Other objects	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	<u>29,106</u>	<u>52,997</u>	<u>-</u>	<u>52,997</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	3,981	<u>\$ 3,981</u>
Fund balance (deficit), beginning of year			<u>(3,981)</u>	
Fund balance, July 1, 2011			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #12-3730-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 26,207</u>	<u>\$ 26,207</u>	<u>\$ 26,207</u>	<u>\$ -</u>
Expenditures:				
Salaries and Benefits	<u>26,207</u>	<u>26,207</u>	<u>26,207</u>	<u>-</u>
Total expenditures	<u>26,207</u>	<u>26,207</u>	<u>26,207</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, July 1, 2011			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #11-3695-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	<u>\$ 96,320</u>	<u>\$ 96,320</u>	<u>\$ 6,320</u>	<u>\$ (90,000)</u>
Expenditures:				
Salaries and benefits	89,112	89,122	-	89,122
Purchased services	7,208	5,748	-	5,748
Supplies and materials	<u>-</u>	<u>1,450</u>	<u>-</u>	<u>1,450</u>
Total expenditures	<u>96,320</u>	<u>96,320</u>	<u>-</u>	<u>96,320</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	6,320	<u>\$ 6,320</u>
Fund balance (deficit), beginning of year			<u>(6,320)</u>	
Fund balance, July 1, 2011			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #12-3695-10
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	<u>\$ 103,380</u>	<u>\$ 103,380</u>	<u>\$ 103,380</u>	<u>\$ -</u>
Expenditures:				
Salaries and benefits	86,910	86,910	86,910	-
Purchased services	15,970	13,334	13,305	29
Supplies and materials	<u>500</u>	<u>3,136</u>	<u>3,165</u>	<u>(29)</u>
Total expenditures	<u>103,380</u>	<u>103,380</u>	<u>103,380</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, July 1, 2011			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION & FAMILY LITERACY - PROJECT #501AA (FY 2011)
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	\$ 39,781	\$ 49,781	\$ 28,620	\$ (21,161)
Federal sources	<u>29,391</u>	<u>29,391</u>	<u>-</u>	<u>(29,391)</u>
Total revenues	<u>69,172</u>	<u>79,172</u>	<u>28,620</u>	<u>(50,552)</u>
Expenditures:				
Salaries and benefits	44,784	44,784	-	44,784
Purchased services	19,428	19,428	-	19,428
Supplies and materials	<u>4,960</u>	<u>14,960</u>	<u>-</u>	<u>14,960</u>
Total expenditures	<u>69,172</u>	<u>79,172</u>	<u>-</u>	<u>79,172</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	28,620	<u>\$ 28,620</u>
Fund balance (deficit), beginning of year			<u>(28,620)</u>	
Fund balance, July 1, 2011			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION & FAMILY LITERACY - PROJECT #501AA (FY 2012)
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 39,500	\$ 41,936	\$ 41,936	\$ -
Federal sources	31,500	28,093	28,093	-
Total revenues	<u>71,000</u>	<u>70,029</u>	<u>70,029</u>	<u>-</u>
Expenditures:				
Salaries and benefits	62,921	57,654	57,654	-
Purchased services	79	12,375	12,375	-
Supplies and materials	8,000	-	-	-
Total expenditures	<u>71,000</u>	<u>70,029</u>	<u>70,029</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, July 1, 2011			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #11-3696-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	<u>\$ 72,846</u>	<u>\$ 72,846</u>	<u>\$ 5,346</u>	<u>\$ (67,500)</u>
Expenditures:				
Salaries and Benefits	37,799	37,799	-	37,799
Purchased services	27,832	27,012	-	27,012
Supplies and materials	<u>7,215</u>	<u>8,035</u>	<u>-</u>	<u>8,035</u>
Total expenditures	<u>72,846</u>	<u>72,846</u>	<u>-</u>	<u>72,846</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	5,346	<u>\$ 5,346</u>
Fund balance (deficit), beginning of year			<u>(5,346)</u>	
Fund balance, July 1, 2011			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #12-3696-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	<u>\$ 72,404</u>	<u>\$ 72,404</u>	<u>\$ 72,404</u>	<u>\$ -</u>
Expenditures:				
Salaries and Benefits	39,312	39,312	39,312	-
Purchased services	25,544	25,544	25,655	(111)
Supplies and materials	<u>7,548</u>	<u>7,548</u>	<u>7,437</u>	<u>111</u>
Total expenditures	<u>72,404</u>	<u>72,404</u>	<u>72,404</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, July 1, 2011			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #11-4920-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Federal sources	<u>\$ 245,706</u>	<u>\$ 255,944</u>	<u>\$ 19,844</u>	<u>\$(236,100)</u>
Expenditures:				
Salaries and benefits	36,933	73,122	15,191	57,931
Purchased services	14,487	47,757	4,482	43,275
Supplies and materials	2,200	14,200	171	14,029
Payments to other gov'ts	<u>192,086</u>	<u>120,865</u>	<u>-</u>	<u>120,865</u>
Total expenditures	<u>245,706</u>	<u>255,944</u>	<u>19,844</u>	<u>236,100</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance (deficit), August 31, 2011			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #12-4920-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Federal sources	<u>\$ 226,000</u>	<u>\$ 270,195</u>	<u>\$ 102,557</u>	<u>\$(167,638)</u>
Expenditures:				
Salaries and benefits	55,104	55,104	82,167	(27,063)
Purchased services	11,910	16,369	11,819	4,550
Supplies and materials	1,982	2,690	3,354	(664)
Payments to other gov'ts	<u>157,004</u>	<u>196,032</u>	<u>52,210</u>	<u>143,822</u>
Total expenditures	<u>226,000</u>	<u>270,195</u>	<u>149,550</u>	<u>120,645</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(46,993)</u>	<u>\$ (46,993)</u>
Fund balance (deficit), September 1, 2011			<u>-</u>	
Fund balance (deficit), end of year			<u><u>\$ (46,993)</u></u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
BEGINNING TEACHER INDUCTION PILOT PROGRAM - PROJECT #11-3982-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 66,554</u>	<u>\$ 66,554</u>	<u>\$ 24,485</u>	<u>\$ (42,069)</u>
Expenditures:				
Salaries and benefits	11,850	16,600	9,471	7,129
Purchased services	14,704	18,904	3,491	15,413
Supplies and materials	10,000	10,000	2,365	7,635
Payments to other gov'ts	<u>30,000</u>	<u>21,050</u>	<u>9,158</u>	<u>11,892</u>
Total expenditures	<u>66,554</u>	<u>66,554</u>	<u>24,485</u>	<u>42,069</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ARRA-MCKINNEY EDUCATION FOR HOMELESS CHILDREN -
PROJECT #10-4862-00 & 11-4862-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Federal sources	<u>\$ 214,867</u>	<u>\$ 214,867</u>	<u>\$ 4,652</u>	<u>\$(210,215)</u>
Expenditures:				
Salaries and benefits	18,425	59,485	9,028	50,457
Purchased services	1,000	2,000	(484)	2,484
Supplies and materials	108	8,295	2,102	6,193
Capital outlay	-	5,000	5,972	(972)
Payments to other gov'ts	<u>195,334</u>	<u>140,087</u>	<u>(11,966)</u>	<u>152,053</u>
Total expenditures	<u>214,867</u>	<u>214,867</u>	<u>4,652</u>	<u>210,215</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance (deficit), beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ARRA - TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY -
PROJECT #11-4854-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Federal sources	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 22,097</u>	<u>\$ (97,903)</u>
Expenditures:				
Salaries and benefits	74,970	87,250	11,978	75,272
Purchased services	14,898	14,898	499	14,399
Supplies and materials	4,050	4,050	3,359	691
Payments to other gov'ts	<u>26,082</u>	<u>13,802</u>	<u>6,261</u>	<u>7,541</u>
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>22,097</u>	<u>97,903</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2012

	<u>General Education Development</u>	<u>ROE School Bus Driver Training</u>	<u>Supervisory</u>
ASSETS			
Cash and cash equivalents	\$ 15,943	\$ 15,157	\$ 2,612
Due from other governments	5,409	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 21,352</u>	<u>\$ 15,157</u>	<u>\$ 2,612</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 3,720	\$ -
Salaries and benefits payable	182	-	-
Deferred revenue	2,167	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 2,349</u>	<u>\$ 3,720</u>	<u>\$ -</u>
FUND BALANCES			
Restricted	<u>19,003</u>	<u>11,437</u>	<u>2,612</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 21,352</u>	<u>\$ 15,157</u>	<u>\$ 2,612</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING BALANCE SHEET (Concluded)
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2012

	Institute	Total
ASSETS		
Cash and cash equivalents	\$ 40,328	\$ 74,040
Due from other governments	-	5,409
Total assets	\$ 40,328	\$ 79,449
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ -	\$ 3,720
Salaries and benefits payable	-	182
Deferred revenue	-	2,167
Total liabilities	\$ -	\$ 6,069
 FUND BALANCES		
Restricted	40,328	73,380
Total liabilities and fund balances	\$ 40,328	\$ 79,449

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2012**

	General Education Development	ROE School Bus Driver Training	Supervisory
Revenues:			
Local sources	\$ 7,447	\$ 6,306	\$ -
State sources	10,710	817	-
Total revenues	<u>18,157</u>	<u>7,123</u>	<u>-</u>
Expenditures:			
Salaries and benefits	13,933	-	-
Purchased services	2,778	5,534	2,062
Supplies and materials	4,950	35	164
Total expenditures	<u>21,661</u>	<u>5,569</u>	<u>2,226</u>
Excess (deficiency) of revenues over (under) expenditures	(3,504)	1,554	(2,226)
Fund balance, beginning of year	<u>22,507</u>	<u>9,883</u>	<u>4,838</u>
Fund balance, end of year	<u>\$ 19,003</u>	<u>\$ 11,437</u>	<u>\$ 2,612</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Concluded)
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2012**

	Institute	Total
Revenues:		
Local sources	\$ 31,962	\$ 45,715
State sources	-	11,527
Total revenues	31,962	57,242
Expenditures:		
Salaries and benefits	-	13,933
Purchased services	13,912	24,286
Supplies and materials	-	5,149
Total expenditures	13,912	43,368
Excess (deficiency) of revenues over (under) expenditures	18,050	13,874
Fund balance, beginning of year	22,278	59,506
Fund balance, end of year	\$ 40,328	\$ 73,380