

STATE OF ILLINOIS
MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

FINANCIAL AUDIT

For the Year Ended June 30, 2011

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

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MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

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MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

OFFICIALS

Regional Superintendent
(current and during audit period)

Ms. Ronda Cross

Assistant Regional Superintendent
(current and during audit period)

Mr. Patrick Durley

Office is located at:

117 South Jefferson
Washburn, IL 61570

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

FINANCIAL REPORT SUMMARY

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

AUDITOR'S REPORTS

The auditor's 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	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<u>Findings (Government Auditing Standards)</u>			
11-1	10	Controls Over Financial Statement Preparation	Material Weakness

Prior Audit Findings Not Repeated (Government Auditing Standards)

None

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

FINANCIAL REPORT SUMMARY - CONTINUED

EXIT CONFERENCE

The finding and recommendation appearing in this report were discussed with Agency personnel at a formal exit conference on February 22, 2012. Attending were Ronda Cross, ROE #43 Regional Superintendent, Jeannie Wright, ROE #43 bookkeeper, and Dawn Carlson, partner Sulaski & Webb CPAs, and Renee Brucker, manager Sulaski & Webb CPAs. Response to the recommendation was provided by Ronda Cross, Regional Superintendent, via email on November 8, 2011.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of Marshall, Putnam and Woodford Counties Regional Office of Education #43 was performed by Sulaski and Webb, CPAs.

Based on their audit, the auditors expressed an unqualified opinion on the Marshall, Putnam and Woodford Counties Regional Office of Education #43's basic financial statements.

Independent Auditor's Report

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall, Putnam and Woodford Counties Regional Office of Education #43, as of and for the year ended June 30, 2011, which collectively comprise the Marshall, Putnam and Woodford Counties Regional Office of Education #43's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Marshall, Putnam and Woodford Counties Regional Office of Education #43'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. An audit also includes 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, each major fund, and the aggregate remaining fund information of the Marshall, Putnam and Woodford Counties Regional Office of Education #43, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Marshall, Putnam and Woodford Counties Regional Office of Education #43 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Regional Office of Education #43's governmental funds' assets or liabilities, nor was there any effect to the total amount of any of the Regional Office of Education #43's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2012 on our consideration of the Marshall, Putnam and Woodford Counties Regional Office of Education #43'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.

The Management's Discussion and Analysis on pages 14 through 18 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marshall, Putnam and Woodford Counties Regional Office of Education #13's basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sulaski + Webb

Sulaski and Webb
Certified Public Accountants

March 26, 2012

Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshall, Putnam and Woodford Counties Regional Office of Education #43, as of and for the year ended June 30, 2011, which collectively comprise the Marshall, Putnam and Woodford Counties Regional Office of Education #43's basic financial statements and have issued our report thereon dated March 26, 2012. 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 Marshall, Putnam and Woodford Counties Regional Office of Education #43 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Marshall, Putnam and Woodford Counties Regional Office of Education #43'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 Marshall, Putnam and Woodford Counties Regional Office of Education #43's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Marshall, Putnam and Woodford Counties Regional Office of Education #43'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.

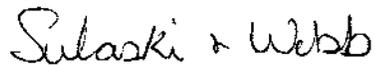
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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 11-1 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 Marshall, Putnam and Woodford Counties Regional Office of Education #43'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*.

Marshall, Putnam and Woodford Counties Regional Office of Education #43's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Marshall, Putnam and Woodford Counties Regional Office of Education #43'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.



Sulaski and Webb
Certified Public Accountants

March 26, 2012

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011

Section I – Summary of the Auditor’s Results

Financial Statements

- (1) An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- (2) One material weakness disclosed during the audit of the financial statements is reported in the *Independent Auditor’s 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*.
- (3) No instances of noncompliance material to the financial statements were disclosed during the audit.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011

Section II – Financial Statement Findings

Finding No. 11-1
Repeated from 10-1, 09-1
08-1 and 07-1

Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

The Marshall, Putnam and Woodford Counties Regional Office of Education #43 (ROE) is required to maintain a system of controls over the preparation of financial statements, including disclosures, in accordance with generally accepted accounting principles (GAAP). The ROE 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 Marshall, Putnam and Woodford Counties Regional Office of Education #43 does not have sufficient internal controls over the financial reporting process. The ROE maintains their accounting records on the cash basis of accounting. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not maintain adequate controls over the financial reporting process and adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not maintain complete records of accounts receivable, accounts payable, or deferred revenue.

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.

Cause:

According to ROE officials, they did not have adequate funding to hire and/or train their accounting personnel in order to maintain a system of internal control over the preparation of financial statements in accordance with GAAP.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011

Section II – Financial Statement Findings - Continued

Finding No. 11-1
Repeated from 10-1, 09-1
08-1 and 07-1

Controls Over Financial Statement Preparation - Continued

Auditor's Recommendation:

As part of its internal control over the preparation of financial statements, including disclosures, the Marshall, Putnam and Woodford Counties Regional Office of Education #43 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such 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 Office of Education #43 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office accepts the degree of risk associated with this condition. The added expense of seeking a qualified accountant to prepare and review financial statements would diminish the limited available funds for educational services in the region. In an attempt to address this finding, management will monitor the internal controls and need for additional training and implement training as funding in the State budget allows. The Regional Office is ready to send staff to any state trainings that are offered to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2011

Corrective Action Plan

Finding No. 11-1

Condition: The Marshall, Putnam and Woodford Counties Regional Office of Education #43 does not have sufficient internal controls over the financial reporting process. The ROE maintains their accounting records on the cash basis of accounting. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not maintain adequate controls over the financial reporting process and adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not maintain complete records of accounts receivable, accounts payable, or deferred revenue.

Plan: The Regional Office of Education #43 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office accepts the degree of risk associated with this condition. The added expense of seeking a qualified accountant to prepare and review financial statements would diminish the limited available funds for educational services in the region. In an attempt to address this finding, management will monitor the internal controls and need for additional training and implement training as funding in the State budget allows. The Regional Office is ready to send staff to any state trainings that are offered to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).

Completion Date: Undetermined

Contact Person: Ronda Cross, Regional Superintendent

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2011

<u>Finding Number</u>	<u>Prior Finding</u>	<u>Status</u>
10-1	The ROE did not have sufficient internal controls over the financial reporting process.	Repeated as Finding 11-1.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

The Regional Office of Education #43 for the counties of Marshall, Putnam, and Woodford provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2011 with comparative information for the year ended June 30, 2010. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

Overview of the Financial Statements

The Regional Office of Education #43's financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board and is comprised of the Statement of Net Assets, the Statement of Activities and notes to financial statements.

The Statement of Net Assets presents information on the Regional Office of Education #43's assets and liabilities and the resulting net assets. This statement also reflects the Regional Office of Education #43's investment in capital assets, net of depreciation, and unrestricted and restricted net assets.

The Statement of Activities presents information regarding changes during the fiscal year ended June 30, 2011. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Financial Highlights

The Governmental activities' net assets increased to \$429,866 in fiscal year 2011 from \$360,046 in fiscal year 2010.

Reporting the Office as a Whole

The government-wide statements report information about the Regional Office of Education #43 (ROE) as a whole. All of the current year revenues and expenses are accounted for in the statements using accounting methods similar to those used by private-sector companies.

The government-wide statements report the ROE's net assets and how they have changed. Net assets are one indicator of the ROE's financial health. In addition to increases or decreases in the net assets, one must also assess non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level to form an accurate measure of the ROE's financial position.

The government-wide financial statements present all of the ROE's activities. Local, state and federal sources of revenue are included in these activities.

The fund financial statements provide detailed information about the ROE's funds. These individual funds track the source and spending for particular programs. State law requires some funds. The ROE establishes other funds for the control and management of funds for particular purposes.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Reporting the Office as a Whole (Continued)

The ROE has two kinds of funds:

1. Governmental funds account for all of the ROE's services. Fund statements provide a detailed view to determine whether there are more or fewer resources available for the ROE's programs. These funds include general and special revenue funds.
2. Fiduciary funds are used to account for assets held by the ROE in a custodial nature and do not involve measurement of results of operations.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of the financial position of the ROE. The ROE's net assets on June 30, 2011 indicated an increase of \$69,820. The statement that follows provides a summary of the ROE's net assets on June 30, 2011 and 2010:

	2011	2010
Assets		
Current assets	\$ 487,679	\$ 389,505
Total Assets	487,679	389,505
Liabilities		
Current liabilities	57,813	29,459
Total Liabilities	57,813	29,459
Net assets		
Invested in capital assets	-	-
Unrestricted	384,313	330,475
Restricted for educational purposes	45,553	29,571
Total Net Assets	\$ 429,866	\$ 360,046

The ROE's net assets increased to \$429,866 from \$360,046. Net assets with constraints on their use by grantors, laws, or regulations are considered restricted for educational purposes. The statement that follows shows the changes in net assets for the years ended June 30, 2011 and 2010:

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Government-Wide Financial Analysis (Continued)

	<u>2011</u>	<u>2010</u>
Revenues		
Program Revenues		
State Sources	\$ 263,913	\$ 315,710
Federal Sources	123,388	65,651
Total Program Revenues	<u>387,301</u>	<u>381,361</u>
General Revenues		
Local Sources	56,863	72,314
State Sources	2,468	5,913
Federal Sources	20,323	685
On-Behalf Payments	337,560	335,578
Interest	1,470	1,782
Total General Revenues	<u>418,684</u>	<u>416,272</u>
Total Revenues	<u>805,985</u>	<u>797,633</u>
Expenses		
Program Expenses		
Salaries and Benefits	233,089	203,122
Purchased Services	110,379	79,562
Supplies and Materials	18,964	11,095
Other Expenses	-	2,186
Payments to Other Gov. Units	36,173	82,223
Total Program Expenses	<u>398,605</u>	<u>378,188</u>
Administrative Expenses		
On-Behalf Payments	337,560	335,578
Total Administrative Expenses	<u>337,560</u>	<u>335,578</u>
Total Expenses	<u>736,165</u>	<u>713,766</u>
Change in Net Assets	69,820	83,867
Net Assets Beginning of Year	<u>360,046</u>	<u>276,179</u>
Net Assets End of Year	<u>\$ 429,866</u>	<u>\$ 360,046</u>

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Financial Analysis of the Regional Office of Education #43 Funds

The ROE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

During fiscal year 2011, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 12 to the financial statements. Because of these reclassifications the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

The ROE is a member of a cooperative with the Regional Office of Education #35 to provide school services to our three-county area. Since the Regional Office of Education #35 is the fiscal agent for that cooperative, the funds directly included in ROE #43's accounting system are limited.

The ROE maintains a recognized "Hot Lunch Program" serving the "Regional Safe School Program" students housed on location. All accounting for this program is included in this report. This account is in sound financial condition largely due to the contract and cooperation of Lowpoint-Washburn CUSD #21, contracted meal provider.

The ROE annually prepares a budget for Office Operations, which is submitted to the three county boards serving the area. The fiscal year for this budget runs from December 1 to November 30. Any major increase in this funding level to provide additional operation funds is not realistic at this time due to financial restraints of all three county boards.

The Institute Fund funds were used to provide certification services and Institute Day to teachers and administrators throughout the year. The office staff conducts a needs assessment survey with input from local school district teachers and administrators to determine professional development needs. Workshops and institutes are established that can assist the districts in the region improve instruction or educate individuals on state and federal mandates.

The Bus Driver Training Fund is used to annually train new bus driving applicants and provide refresher courses to existing bus drivers for a total number of approximately 200 individuals annually. The Bus Driver Fund receives revenues from State sources in the amount of \$663 annually and collects participant fees (\$6 per person – 3 hours of training). In an effort to maintain the fund in a positive fiscal status, the ROE has reduced the bus trainings offered and reevaluates the program annually. This fund has a positive balance.

The GED Fund collects participant fees which are used to reimburse testing sites outside of the ROE's area. This ROE does not administer the GED test due to the small number of participants, which would dictate infrequent test administration dates. It is felt that use of outside area test administration sites provide more frequent test dates for the benefit of the participants, with little added burden as test sites are within reasonable driving distance. This fund has a positive balance.

The Regional Safe Schools Program (RSSP) – General State Aid provides funds to a program that increases safety in the public schools and promotes a positive learning environment for the students attending the RSSP. The program works to meet the educational needs of severely disruptive students in an alternative learning environment. This fund has a positive balance.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Financial Analysis of the Regional Office of Education #43 Funds (Continued)

The McKinney-Vento Homeless Act provides funds for assisting homeless families/students with educational needs through the Regional Office or the school district. This fund began in the FY08 school year and provides for materials, supplies, transportation, and professional development to name a few categories. The ROE applied as a sub-grantee and was awarded the McKinney-Vento Act grant. This grant is received from the Illinois State Board of Education (ISBE) on an annual basis.

The Principals Mentoring program was started in the FY08 school year. Funding is provided on an annual basis by ISBE through the Illinois Principals' Association. The ROE applied as a provider and was granted a three-year agreement for the Principal Mentoring. The ROE has a positive fund balance for this fee for service project.

The Fresh Fruits and Vegetables Grant was a program designed for low income schools to provide fresh fruits and vegetables to students on a regular basis during the school day to improve attention, achievement, and nutrition. The grant was only received for the FY10 school year, but had a portion deferred to FY11.

The Rural Education Achievement Program (REAP) is a federal grant awarded to the Regional Safe School Program in an effort to provide a funding source to rural areas that struggle financially to provide resources that might otherwise not be provided by program funding (i.e. technology).

The Title II Teacher Quality Leadership grant was a one-time grant from ISBE for the purpose of coordinating and implementing school improvement and accountability services to six school districts. A coordinator worked with individual districts to analyze, plan and implement improvement strategies in order to improve student achievement.

The ARRA Education Jobs program was federal funding utilized to create or sustain jobs in the educational programs in the state that receive General State Aid. The RSSP is the Regional Office's only program that qualifies for this funding to be used toward staff salaries and benefits.

The ROE does not have any Capital Assets over its \$5,000 capitalization threshold. Much of the equipment used by the ROE was purchased and owned by the county governments of the three counties, or the cooperative with Regional Office of Education #35 used to provide school services.

The future financial condition of this ROE appears sound, but with the need for continued diligence and adjustments of service delivery. The revenue sources are a function of Federal, State, and Local funding and allowable participant fees. With no expected State funding increase and no expected increase in participant fees and inflationary cost increases, there will need to be sound financial management by making adjustments in service delivery systems and reducing or removing activities to remain fiscally responsible.

This financial report is designed to provide the Regional Offices of Education #43's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability of funds. If the reader has questions concerning this report or needs additional information regarding its contents, please contact the Regional Superintendent of the Regional Office of Education #43 at 117 South Jefferson Street, PO Box 340, Washburn, IL 61570.

BASIC FINANCIAL STATEMENTS

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 420,406
Due from other governmental units	65,424
Prepaid items	1,849
TOTAL ASSETS	487,679
LIABILITIES	
Current Liabilities:	
Accounts payable	2,528
Accrued payroll	9,767
Due to other governmental units	19,653
Deferred revenue	25,865
TOTAL LIABILITIES	57,813
NET ASSETS	
Invested in capital assets, net of related debt	-
Unrestricted	384,313
Restricted for educational purposes	45,553
TOTAL NET ASSETS	\$ 429,866

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	Net (Expenses)/Revenues and		
	<u>Expenses</u>	<u>Program Revenues</u>	<u>Changes in Net Assets</u>
		Operating Grants and Contributions	Primary Government Governmental Activities
Primary government:			
Governmental activities:			
Instructional Services:			
Salaries and benefits	\$ 233,089	\$ 278,917	\$ 45,828
Purchased services	110,379	66,915	(43,464)
Supplies and materials	18,964	18,039	(925)
Payments to other governments	36,173	34,056	(2,117)
Administrative:			
On-behalf payments	337,560	(10,626)	(348,186)
Total governmental activities	<u>\$ 736,165</u>	<u>\$ 387,301</u>	<u>(348,864)</u>
General revenues:			
Local sources			56,863
State sources			2,468
Federal sources			20,323
Interest			1,470
On-behalf payments			<u>337,560</u>
Total general revenues			<u>418,684</u>
Change in net assets			69,820
Net assets - beginning			<u>360,046</u>
Net assets - ending			<u>\$ 429,866</u>

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 346,079	\$ 8,029	\$ 56,478	\$ 9,820	\$ 420,406
Due from other funds	3,858	-	-	-	3,858
Due from other governmental units	42,294	23,130	-	-	65,424
Prepaid items	1,849	-	-	-	1,849
TOTAL ASSETS	\$ 394,080	\$ 31,159	\$ 56,478	\$ 9,820	\$ 491,537
LIABILITIES					
Accounts payable	\$ -	\$ 2,528	\$ -	\$ -	\$ 2,528
Accrued payroll	9,767	-	-	-	9,767
Due to other funds	-	3,858	-	-	3,858
Due to other governmental units	-	19,345	308	-	19,653
Deferred revenue	7,049	2,000	25,865	-	34,914
Total liabilities	16,816	27,731	26,173	-	70,720
FUND BALANCES					
Nonspendable	1,849	-	-	-	1,849
Restricted	-	9,814	30,305	9,820	49,939
Assigned	374,566	-	-	-	374,566
Unassigned	849	(6,386)	-	-	(5,537)
Total fund balances	377,264	3,428	30,305	9,820	420,817
TOTAL LIABILITIES AND FUND BALANCES	\$ 394,080	\$ 31,159	\$ 56,478	\$ 9,820	\$ 491,537

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
June 30, 2011

Total fund balances - governmental funds \$ 420,817

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

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.

9,049

Net assets of governmental activities \$ 429,866

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 24,836	\$ 2,138	\$ 27,203	\$ 2,686	\$ 56,863
State sources	298,272	1,897	-	663	300,832
Federal sources	-	143,711	-	-	143,711
Interest	804	66	535	65	1,470
On-behalf payments	337,560	-	-	-	337,560
Total revenues	661,472	147,812	27,738	3,414	840,436
Expenditures:					
Instructional services:					
Salaries and benefits	180,732	52,357	-	-	233,089
Purchased services	30,092	53,295	24,837	2,155	110,379
Supplies and materials	5,269	11,528	2,167	-	18,964
Payments to other governments	-	36,173	-	-	36,173
On-behalf payments	337,560	-	-	-	337,560
Total expenditures	553,653	153,353	27,004	2,155	736,165
Net change in fund balances	107,819	(5,541)	734	1,259	104,271
Fund balances - beginning (restated - see note 12)	269,445	8,969	29,571	8,561	316,546
Fund balances - ending	<u>\$ 377,264</u>	<u>\$ 3,428</u>	<u>\$ 30,305</u>	<u>\$ 9,820</u>	<u>\$ 420,817</u>

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
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, 2011

Net change in fund balances	\$	104,271
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>	9,049	
<p>Prior year revenues that were deferred in the governmental funds because they were not considered "available" have now been recognized as revenue in the governmental funds.</p>	(43,500)	

Changes in net assets of governmental activities	\$	69,820

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,531</u>
Total Assets	<u><u>\$ 2,531</u></u>
LIABILITIES	
Due to others	<u>\$ 2,531</u>
Total Liabilities	<u><u>\$ 2,531</u></u>

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Marshall, Putnam and Woodford Counties Regional Office of Education #43 (ROE) conform to accounting principles generally accepted in the United States of America for governmental entities. The following is a summary of the significant accounting policies.

The ROE was created by Illinois Public Act 88-89, as amended. The ROE operates under the School Code (105 ILCS 5/3 and 5/3A). The ROE #43 encompasses Marshall, Putnam, and Woodford Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer of the ROE and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

The Regional Superintendent is responsible for supervision and control of school districts within Marshall, Putnam and Woodford Counties. This includes all aspects of supervision, reports and financial accounting of districts which are considered by state law to be in the Service Region. In addition, the Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to state controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in Marshall, Putnam and Woodford Counties; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required, providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Marshall, Putnam and Woodford Counties districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with state law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the period ended June 30, 2011, Marshall, Putnam and Woodford Counties Regional Office of Education #43 applied for, received, and administered numerous state and federal programs and grants in assistance and support of the educational activities of the school districts in Marshall, Putnam and Woodford Counties. Such activities are reported as a single special revenue fund (Education Fund).

REPORTING ENTITY

The ROE's reporting entity includes all related organizations for which it exercises oversight responsibility.

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

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

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government.

The Statement of Net Assets presents the Marshall, Putnam and Woodford Counties Regional Office of Education #43 nonfiduciary assets and liabilities, with the difference reported as net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

The ROE's government-wide financial statements consist only of governmental activities.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Fund Financial Statements – The accounts of the ROE are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of its assets, liabilities, fund balance, revenues, and expenditures. The ROE's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds.

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the ROE are financed. The acquisition, use, and balances of the ROE's expendable financial resources and the related current liabilities are accounted for through Governmental Funds. The ROE's major Governmental Funds include the following:

General Fund – The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The General Fund accounts for the ROE's on-behalf payments from the State of Illinois and the counties to pay the salary and benefits of the Regional Superintendent, Assistant Regional Superintendent and clerical staff. The General Fund is always considered a major fund. General Funds include the following:

Regional Safe Schools – General State Aid – Funds for programs to increase safety and promote the learning environment in schools. The school was designed to meet the educational needs of multiple suspended or expelled students in an alternative educational environment. Monies received are used in payment of expenditures for the school and also the general operations of the ROE.

ROE #43 Fund – This fund accounts for monies received for and in payment of expenditures in connection with general administrative activities.

Education Fund – The Education Fund includes proceeds from specific revenue sources that are legally restricted to expenditures for specified purposes. The following accounts are included in the Education Fund:

Title II Teacher Quality Leadership – To account for grant monies received for and in payment of expenditures for activities that aim to increase student academic achievement through strategies such as improving teacher and principal quality; increasing the number of highly qualified teachers, principals, and assistant principals in the schools; and holding local educational agencies and schools accountable for improvements in student academic achievement.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Alternative Hot Lunch – The program accounts for lunch funds administered by the ROE for the Regional Safe School Program. Revenue is provided by federal and State of Illinois grant funds and local sources.

McKinney Education for Homeless Children – The Homeless Youth Connection provides services for the educational needs of homeless PK-12 students in Marshall, Putnam and Woodford counties. The goal of the program is to ensure that homeless students receive the services they need to attend school on a regular basis despite being homeless.

Principal Mentoring – The program provides support and learning opportunities for new principals to transition into effective educational leaders as state funding allows.

ARRA Education Jobs – To account for grant monies received for and in payment of expenditures for activities to save or create education jobs during the 2010-2011 school year.

Fresh Fruits and Vegetables – The program increases children's access to fresh fruits and vegetables as well as teaches them why it is important to eat healthy foods and exercise. Incorporating healthy food choices with nutrition education during the school days makes it more likely that students will develop good eating habits.

Rural Education Achievement Program – Designed to help rural districts that may lack the personnel and resources to compete effectively for Federal competitive grants and often receive grant allocations in amounts that are too small to be effective in meeting their intended purposes.

Institute – To account for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

The ROE also reports the following non-major governmental funds:

Non-Major Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The ROE's non-major special revenue funds include the following:

Bus Driver Training – To account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

General Education Development (GED) – To account for the revenues and expenditures associated with the processing of applications for the high school level GED test and the issuance of diplomas upon successful completion of the examination.

Fiduciary Fund Types

Agency Funds are used to account for assets held by the ROE in a trustee capacity or as an agent for individuals and private or governmental organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ROE has the following Agency Funds:

Regional Trustees Fund – This fund accounts for taxpayer deposits used to cover costs of redistricting hearings.

Jamboree Fund – This fund accounts for monies that are received to cover costs of a teen conference for freshman students in Woodford County.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accounting records are maintained on the cash basis of accounting. Under this method, revenue is recorded when collected and expenditures are recorded when disbursements are made. The financial statements of the Marshall, Putnam and Woodford Counties Regional Office of Education #43 are prepared by making memorandum adjusting entries to the cash basis financial records.

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the ROE considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues received more than sixty days after the end of the current period are deferred in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Under the terms of grant agreements, Marshall, Putnam and Woodford Counties Regional Office of Education #43 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding sources available to finance the program. It is the Marshall, Putnam and Woodford Counties Regional Office of Education #43's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

GOVERNMENTAL FUND BALANCES

Fund Balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance – the portion of a Governmental Fund's net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. The nonspendable fund balance consists of prepaid items in Regional Safe Schools – General State Aid.

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: Alternative Hot Lunch and Principal Mentoring. The following funds are restricted by Illinois Statute: Bus Driver Training, General Education Development, 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 account presenting an assigned fund balance is Regional Safe Schools – General State Aid.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES (Continued)

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 ROE #43 Fund and the negative fund balance for Title II Teacher Quality Leadership.

NET ASSETS

Equity is classified as net assets. Net assets represent the difference between assets and liabilities and is displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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, net of related debt.”

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in fund balance during the reporting period. Actual results could differ from those estimates.

BUDGETS

The ROE does not adopt a formal budget for all revenues and expenditures of the governmental funds and is not legally required to do so. The Regional Office of Education Funds are controlled by the Regional Superintendent of Education and the State of Illinois. Certain programs administered by the ROE are subject to budget approval by the State of Illinois. The actual to budget comparisons are prepared on the modified accrual basis of accounting. The following accounts/funds prepare budgets:

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS (Continued)

General Funds:

Regional Safe Schools – General State Aid

Educational Grants:

Title II Teacher Quality Leadership

McKinney Education for Homeless Children

TEACHER CERTIFICATION

Teacher certification revenues are recognized over a five year period when applicable.

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the ROE receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the ROE must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the ROE on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

CAPITAL ASSETS

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide Statement of Net Assets. Purchases of equipment are recorded as capital outlay expenditures of the various funds. All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. The ROE changed its capitalization threshold effective July 1, 2010 from \$2,500 to \$5,000. As of June 30, 2011, there were no items costing \$5,000 or more.

DEFERRED REVENUES

The ROE reports unearned deferred revenue in the governmental fund Balance Sheet. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS AND CASH ACCOUNTS

State regulations require that the ROE deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize the ROE to make deposits or invest in obligation 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 Public Treasurer's Investment Pool.

REVENUES FROM FEDERAL AND STATE GRANTS

Revenues from federal and state grant awards are recorded net of the amount due to the State for the unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the state or carried over to the following year project are recorded as liabilities.

DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units is reported at gross with no allowance for uncollectibles since management feels the amount of any uncollectible accounts is immaterial.

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds and are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

NEW ACCOUNTING STANDARDS

In fiscal year 2011, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The ROE implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

2. INTERGOVERNMENTAL AGREEMENT

On July 1, 1998, the ROE entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110.

The name of the Educational Service Delivery System formed is known as the LaSalle County – Marshall, Putnam, Woodford County Service Delivery System. The LaSalle County Regional Office of Education was designated as Administrative Agent for ROE Services. The following grants of Marshall/Putnam/Woodford Counties Regional Office of Education #43 were assigned to the LaSalle County – Putnam, Marshall, Woodford County Service Delivery System: Illinois Administrators' Academy, ROE Operations, Internal Review, Truants Alternative Program, RESPRO and Learning Technology Center.

3. CASH

The *Illinois Compiled Statutes* authorize the ROE to make deposits and invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Public Treasurer's Investment Pool.

At June 30, 2011, the carrying amount of the ROE's various bank deposits totaled \$422,937 and the bank balances totaled \$442,170. Included in the bank balance is \$13,995 deposited in the Illinois Funds. The Illinois Funds portfolio includes: certificates of deposit issued by Illinois financial institutions, repurchase agreements backed by direct treasury obligations from primary government securities dealers, direct treasury obligations of the U.S. Government, and money market funds backed by full faith and credit obligations of the U.S. Government. The ROE owns no identifiable investment securities in the Illinois Funds; therefore, credit risk cannot be assessed for the Illinois Funds.

Custodial credit risk is the risk that in the event of a bank failure, the ROE's deposits may not be returned to it. The ROE has a deposit policy for custodial credit risk. As of June 30, 2011, \$263,995 of the deposits made by the ROE were covered by the Federal Depository Insurance Corporation (FDIC), and the remaining \$178,175 were collateralized by the respective financial institution.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

4. RECEIVABLES/PAYABLES

Receivables for the Marshall, Putnam and Woodford Counties ROE #43 at June 30, 2011, are as follows:

	Due from Other Governmental Units	Other	Total
Governmental activities:			
General	\$ 42,294	\$ -	\$ 42,294
Education	23,130	-	23,130
Total governmental activities	\$ 65,424	\$ -	\$ 65,424

Payables for the Marshall, Putnam and Woodford Counties ROE #43 at June 30, 2011, are as follows:

	Due to Other Governmental Units	Other	Total
Governmental activities:			
General	\$ -	\$ 9,767	\$ 9,767
Education	19,345	2,528	21,873
Institute	308	-	308
Total governmental activities	\$ 19,653	\$ 12,295	\$ 31,948

5. DUE TO/FROM OTHER GOVERNMENTS

The Marshall, Putnam and Woodford Counties Regional Office of Education #43's governmental activities have amounts due to and due from various other governmental units which consist of the following:

Due From Other Governmental Units:

Illinois State Board of Education	\$ 42,329
Illinois Principal's Association	3,750
Other Regional Office of Education	19,345
	\$ 65,424

Due To Other Governmental Units:

Illinois State Board of Education	\$ 308
Other Regional Office of Education	19,345
	\$ 19,653

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

6. INTERFUND TRANSACTIONS

The Marshall, Putnam and Woodford Counties ROE #43 had the following due to/from other fund balances for the year ended June 30, 2011 due to the State of Illinois being slow in paying funds for one of ROE #43's programs:

	Due from	Due to
General Fund:		
Regional Safe Schools - General State Aid	\$ 3,858	\$ -
Education Fund:		
Title II Teacher Quality Leadership	-	3,858
Total	\$ 3,858	\$ 3,858

7. RETIREMENT PLANS

All certified personnel participate in the Teachers' Retirement System of the State of Illinois (TRS).

TRS Plan Description

The ROE (employer) 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 the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2011 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, 2010 and 2009.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

The State of Illinois makes contributions directly to TRS on behalf of the ROE's TRS-covered employees.

- On-behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$76,089 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$77,102) and 17.08 percent (\$31,295), respectively.

The ROE 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, 2011 were \$849. Contributions for the years ending June 30, 2010 and June 30, 2009, were \$850 and \$906, respectively.
- Federal and Special Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE 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.

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. For the years ended June 30, 2010 and June 30, 2009, required ROE contributions were \$0 and \$0, respectively.

- Early Retirement Option (ERO). The ROE 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 is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2011, the ROE paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the ROE made no payments under the ERO.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

- 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 year ended June 30, 2011, the ROE paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2010 and June 30, 2009, the ROE paid \$-0- and \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511).

For the year ended June 30, 2011, the ROE paid \$-0- to TRS for sick leave days granted in excess of the normal annual allotment. For the year ended June 30, 2010 and June 30, 2009, the ROE paid \$-0- and \$-0- in employer contributions granted for sick leave days, respectively.

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, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011.

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

8. OTHER POSTEMPLOYMENT BENEFITS

Teacher Health Insurance Security Fund

The ROE (employer) 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 Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

OTHER POSTEMPLOYMENT BENEFITS (Continued)

Teacher Health Insurance Security Fund (Continued)

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. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS Fund.

The percentage of employer required contributions in the future will be determined by the director of HFS and 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 ROE. 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, 2011. State of Illinois contributions were \$1,286 and the ROE recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2010 were 0.84 percent of pay. State contributions on behalf of ROE employees were \$1,231. Had the ROE recognized revenue and expenditures for State contributions intended to match active member contributions during the year ended June 30, 2009, under the current standards, the contribution match would have been 0.84 percent of pay or \$1,313.

- Employer contributions to THIS Fund. The ROE also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011, and 0.63 percent during the years ended June 30, 2010 and June 30, 2009. For the year ended June 30, 2011, the ROE paid \$965 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the ROE paid \$923 and \$985 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.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

9. ON-BEHALF PAYMENTS AND RELATED PARTY TRANSACTIONS

The State of Illinois makes employer pension contributions and employer retiree health insurance contributions on behalf of the ROE. The salaries, fringe benefits, and TRS contributions of the Regional Superintendent and the Assistant Superintendent are paid by the State of Illinois. The following 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.

TRS pension contributions (for all eligible employees)	\$ 76,089
THIS contributions (for all eligible employees)	1,286
Regional Superintendent – salary	96,435
Regional Superintendent – benefits (includes State paid insurance)	12,717
Assistant Regional Superintendent – salary	86,791
Assistant Regional Superintendent – benefits (includes State paid insurance)	<u>12,159</u>
Total	\$ <u>285,477</u>

The following salaries and benefits data for other employees of the ROE was calculated based on data provided by Woodford County:

Salaries	\$ 42,340
Benefits	<u>9,743</u>
Total	\$ <u>52,083</u>

10. OPERATING LEASE

The ROE has entered into a lease agreement for the use of office space and classrooms for the Regional Safe Schools Program. The lease is renewed annually. The rent paid during the fiscal year ended June 30, 2011 was \$18,900.

11. OTHER DISCLOSURES

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds (which are presented only in combination on the financial statements). Funds having deficit fund balances are required to be disclosed.

A. The following funds/accounts had a deficit fund balance at June 30, 2011.

<u>Fund/Account</u>	<u>Amount</u>
Title II Teacher Quality Leadership	\$ 6,386

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

OTHER DISCLOSURES (Continued)

B. The following funds had an excess of actual expenditures over budget for the year ended June 30, 2011.

Fund	Budget Amount	Expenditures	Unfavorable Variance
Regional Safe Schools - General State Aid	\$ 70,491	\$ 215,810	\$ 145,319
McKinney Education for Homeless Children	7,729	7,910	181
Title II Teacher Quality Leadership	100,000	100,013	13

The Regional Safe Schools – General State Aid fund is reporting an overexpenditure due to the actual amounts reflecting other federal, state, and local monies that are not subject to grant budget requirements. The \$181 overexpenditure for the McKinney Education for Homeless Children fund represents the amount of fiscal year 2010 revenue that was deferred to fiscal year 2011. The Title II Teacher Quality Leadership fund is reporting an overexpenditure due to expending the amount of interest that was earned on the funds during the year.

12. RECLASSIFICATIONS

In the fiscal year ending June 30, 2011, the ROE’s presentation of fund balances was changed due to the implementation of GASB 54. Implementation of this Statement caused certain accounts to be reclassified to a different major fund category. The beginning fund balance amounts for the year ended June 30, 2011 have been reclassified to conform to the current presentation. The following table summarizes the changes.

	General Fund	Education Fund	Institute Fund	Non-Major Fund	Totals
06/30/10 fund balances as previously reported	\$ -	\$ 278,414	\$ 29,571	\$ 8,561	\$ 316,546
Change due to GASB 54 implementation	<u>269,445</u>	<u>(269,445)</u>	<u>-</u>	<u>-</u>	<u>-</u>
06/30/10 fund balances as reclassified	<u>\$ 269,445</u>	<u>\$ 8,969</u>	<u>\$ 29,571</u>	<u>\$ 8,561</u>	<u>\$ 316,546</u>

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

13. SUBSEQUENT EVENTS

The salaries and benefits of the Regional Superintendent and Assistant Regional Superintendents of the ROE are paid by the State of Illinois. Effective July 1, 2011, Governor Pat Quinn eliminated their funding from the State budget, stating that there is not enough money to pay them and that they should be paid on a local level, not state level. Therefore, these individuals worked without a paycheck starting July 1, 2011. Subsequently, on November 14, 2011, Governor Pat Quinn approved legislation passed by State lawmakers to ensure that Regional Offices of Education have the funds needed to operate through the end of the 2012 fiscal year. The legislation also requires a commission be established to determine the future of the Regional Offices of Education.

SUPPLEMENTAL INFORMATION

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2011

ASSETS	Regional Safe Schools - General State Aid	ROE #43 Fund	Total
ASSETS			
Cash and cash equivalents	\$ 345,230	\$ 849	\$ 346,079
Due from other funds	3,858	-	3,858
Due from other governmental units	42,294	-	42,294
Prepaid items	1,849	-	1,849
TOTAL ASSETS	\$ 393,231	\$ 849	\$ 394,080
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accrued payroll	\$ 9,767	\$ -	\$ 9,767
Deferred revenue	7,049	-	7,049
Total Liabilities	16,816	-	16,816
FUND BALANCE			
Nonspendable	1,849	-	1,849
Assigned	374,566	-	374,566
Unassigned	-	849	849
Total Fund Balance	376,415	849	377,264
TOTAL LIABILITIES AND FUND BALANCE	\$ 393,231	\$ 849	\$ 394,080

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2011

	Regional Safe Schools - General State Aid	ROE #43 Fund	Total
REVENUES			
Local sources	\$ 23,704	\$ 1,132	\$ 24,836
State sources	298,272	-	298,272
Interest	804	-	804
On-behalf payments	-	337,560	337,560
	<u>322,780</u>	<u>338,692</u>	<u>661,472</u>
Total revenues			
EXPENDITURES			
Salaries and benefits	180,732	-	180,732
Purchased services	29,883	209	30,092
Supplies and materials	5,195	74	5,269
On-behalf payments	-	337,560	337,560
	<u>215,810</u>	<u>337,843</u>	<u>553,653</u>
Total expenditures			
Net change in fund balances	106,970	849	107,819
FUND BALANCE AT			
BEGINNING OF YEAR (restated - see note 12)	<u>269,445</u>	<u>-</u>	<u>269,445</u>
FUND BALANCE AT			
END OF YEAR	<u>\$ 376,415</u>	<u>\$ 849</u>	<u>\$ 377,264</u>

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND ACCOUNT
 REGIONAL SAFE SCHOOLS - GENERAL STATE AID
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ -	\$ -	\$ 23,704	\$ 23,704
State sources	70,491	70,491	298,272	227,781
Interest	-	-	804	804
	<hr/>		<hr/>	
Total revenues	70,491	70,491	322,780	252,289
<hr/>				
EXPENDITURES				
Salaries and benefits	56,080	56,080	180,732	(124,652)
Purchased services	13,180	13,180	29,883	(16,703)
Supplies and materials	1,231	1,231	5,195	(3,964)
	<hr/>		<hr/>	
Total expenditures	70,491	70,491	215,810	(145,319)
	<hr/>		<hr/>	
Net change in fund balance	\$ -	\$ -	106,970	\$ 106,970
	<hr/>		<hr/>	
FUND BALANCE AT BEGINNING OF YEAR			<hr/>	269,445
			<hr/>	
FUND BALANCE AT END OF YEAR			\$	<u>376,415</u>

NOTE: The budget amounts for Regional Safe Schools reflect only the amounts pertaining to the Regional Safe Schools Grant. The actual amounts reflect grant funds as well as other federal, state, and local monies which are not subject to grant budget requirements.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2011

ASSETS	Title II Teacher Quality Leadership	Alternative Hot Lunch	McKinney Education for Homeless Children	Principal Mentoring
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,610	\$ -	\$ 4,419
Due from other governmental units	19,345	35	-	3,750
TOTAL ASSETS	\$ 19,345	\$ 3,645	\$ -	\$ 8,169
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 2,528	\$ -	\$ -	\$ -
Due to other funds	3,858	-	-	-
Due to other governmental units	19,345	-	-	-
Deferred revenue	-	-	-	2,000
Total Liabilities	25,731	-	-	2,000
FUND BALANCE				
Restricted	-	3,645	-	6,169
Unassigned	(6,386)	-	-	-
Total Fund Balance	(6,386)	3,645	-	6,169
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,345	\$ 3,645	\$ -	\$ 8,169

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2011

ASSETS	ARRA Education Jobs	Fresh Fruits and Vegetables	Rural Education Achievement Program	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 8,029
Due from other governmental units	-	-	-	23,130
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ 31,159
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,528
Due to other funds	-	-	-	3,858
Due to other governmental units	-	-	-	19,345
Deferred revenue	-	-	-	2,000
Total Liabilities	-	-	-	27,731
FUND BALANCE				
Restricted	-	-	-	9,814
Unassigned	-	-	-	(6,386)
Total Fund Balance	-	-	-	3,428
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ -	\$ -	\$ 31,159

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	Title II Teacher Quality Leadership	Alternative Hot Lunch	McKinney Education for Homeless Children	Principal Mentoring
REVENUES				
Local sources	\$ -	\$ 2,138	\$ -	\$ -
State sources	-	92	-	1,805
Federal sources	93,614	3,804	7,910	-
Interest	13	30	-	23
	<u>93,627</u>	<u>6,064</u>	<u>7,910</u>	<u>1,828</u>
Total revenues				
EXPENDITURES				
Salaries and benefits	34,176	-	760	-
Purchased services	24,871	6,348	1,058	285
Supplies and materials	8,356	-	2,608	564
Payments to other governments	32,610	79	3,484	-
	<u>100,013</u>	<u>6,427</u>	<u>7,910</u>	<u>849</u>
Total expenditures				
Net change in fund balances	(6,386)	(363)	-	979
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated - note 12)				
	<u>-</u>	<u>4,008</u>	<u>-</u>	<u>5,190</u>
FUND BALANCE (DEFICIT) AT END OF YEAR				
	<u><u>\$ (6,386)</u></u>	<u><u>\$ 3,645</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,169</u></u>

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	ARRA Education Jobs	Fresh Fruits and Vegetables	Rural Education Achievement Program	Total
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ 2,138
State sources	-	-	-	1,897
Federal sources	17,421	639	20,323	143,711
Interest	-	-	-	66
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	17,421	639	20,323	147,812
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Salaries and benefits	17,421	-	-	52,357
Purchased services	-	410	20,323	53,295
Supplies and materials	-	-	-	11,528
Payments to other governments	-	-	-	36,173
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	17,421	410	20,323	153,353
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	229	-	(5,541)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR (restated - note 12)				
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(229)	-	8,969
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT) AT END OF YEAR				
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ -	\$ -	\$ -	\$ 3,428
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II TEACHER QUALITY LEADERSHIP
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 100,000	\$ 100,000	\$ 93,614	\$ (6,386)
Interest	-	-	13	13
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>93,627</u>	<u>(6,373)</u>
EXPENDITURES				
Salaries and benefits	1,000	1,000	34,176	(33,176)
Purchased services	12,550	3,450	24,871	(21,421)
Supplies and materials	10,250	3,250	8,356	(5,106)
Capital outlay	1,600	1,600	-	1,600
Payments to other governments	74,600	90,700	32,610	58,090
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>100,013</u>	<u>(13)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(6,386)	<u>\$ (6,386)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE (DEFICIT) AT END OF YEAR			<u>\$ (6,386)</u>	

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 7,729	\$ 7,729	\$ 7,910	\$ 181
Total revenues	<u>7,729</u>	<u>7,729</u>	<u>7,910</u>	<u>181</u>
EXPENDITURES				
Salaries and benefits	760	760	760	-
Purchased services	900	994	1,058	(64)
Supplies and materials	250	156	2,608	(2,452)
Payments to other governments	<u>5,819</u>	<u>5,819</u>	<u>3,484</u>	<u>2,335</u>
Total expenditures	<u>7,729</u>	<u>7,729</u>	<u>7,910</u>	<u>(181)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 June 30, 2011

	Bus Driver Training	General Education Development	Total
ASSETS			
Cash and cash equivalents	\$ 2,691	\$ 7,129	\$ 9,820
 TOTAL ASSETS	<u>\$ 2,691</u>	<u>\$ 7,129</u>	<u>\$ 9,820</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES	\$ -	\$ -	\$ -
 FUND BALANCE			
Restricted	2,691	7,129	9,820
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,691</u>	<u>\$ 7,129</u>	<u>\$ 9,820</u>

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2011

	Bus Driver Training	General Education Development	Total
REVENUES			
Local sources	\$ 1,086	\$ 1,600	\$ 2,686
State sources	663	-	663
Interest	-	65	65
	1,749	1,665	3,414
EXPENDITURES			
Purchased services	709	1,446	2,155
Total expenditures	709	1,446	2,155
Net change in fund balances	1,040	219	1,259
FUND BALANCE AT BEGINNING OF YEAR	1,651	6,910	8,561
FUND BALANCE AT END OF YEAR	\$ 2,691	\$ 7,129	\$ 9,820

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 June 30, 2011

	Regional Trustees Fund	Jamboree Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,604	\$ 927	\$ 2,531
Total Assets	\$ 1,604	\$ 927	\$ 2,531
LIABILITIES			
Due to others	\$ 1,604	\$ 927	\$ 2,531
Total Liabilities	\$ 1,604	\$ 927	\$ 2,531

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2011

	Balance 7/1/2010	Additions	Deductions	Balance 6/30/2011
REGIONAL TRUSTEES FUND				
ASSETS				
Cash and cash equivalents	\$ 661	\$ 2,102	\$ 1,159	\$ 1,604
LIABILITIES				
Due to others	\$ 661	\$ 2,102	\$ 1,159	\$ 1,604
 JAMBOREE FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 927	\$ -	\$ 927
LIABILITIES				
Due to others	\$ -	\$ 927	\$ -	\$ 927
 TOTALS AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 661	\$ 3,029	\$ 1,159	\$ 2,531
LIABILITIES				
Due to others	\$ 661	\$ 3,029	\$ 1,159	\$ 2,531