

State of Illinois
LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2012

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

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47

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LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47

OFFICIALS

Regional Superintendent
(current and during the audit period)

Honorable Amy Jo Clemens

Assistant Regional Superintendent
(current and during the audit period)

Mr. Paul McMahon

Office is located at:

7772 Clinton St.
Dixon, IL 61021

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports on compliance and on internal controls contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

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

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

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
12-1	12-13	Controls Over Financial Statement Preparation	Significant Deficiency
12-2	14-15	Inadequate Control Over Recording of Grant Activity	Significant Deficiency Noncompliance
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
12-2	14-15	Inadequate Control Over Recording of Grant Activity	Material Weakness and Noncompliance

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47**

COMPLIANCE REPORT SUMMARY

EXIT CONFERENCE

The Lee/Ogle Counties Regional Office of Education No. 47 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2012. Throughout the audit, numerous meetings were held between auditors and Regional Office of Education officials to discuss the matters contained in this audit report. Responses to the recommendations were provided by Honorable Amy Jo Clemens, Regional Superintendent, on May 14, 2013.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Lee/Ogle Counties Regional Office of Education No. 47 was performed by Winkel, Parker & Foster, CPA PC.

Based on their audit, the auditors expressed an unqualified opinion on the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee/Ogle Counties Regional Office of Education No. 47, as of and for the year ended June 30, 2012, which collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lee/Ogle Counties Regional Office of Education No. 47's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee/Ogle Counties Regional Office of Education No. 47, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2013 on our consideration of Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 21 through 33 and 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities, and Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
June 4, 2013

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee/Ogle Counties Regional Office of Education No. 47, as of and for the year ended June 30, 2012, which collectively comprise the Lee/Ogle Counties Regional Office of Education No. 47's basic financial statements and have issued our report thereon dated June 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Lee/Ogle Counties Regional Office of Education No. 47 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Lee/Ogle Counties Regional Office of Education No. 47'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 and not for the purpose of expressing an opinion on the effectiveness of the Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lee/Ogle Counties Regional Office of Education No. 47's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in findings 12-1 and 12-2 in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lee/Ogle Counties Regional Office of Education No. 47'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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 12-2.

We also noted certain matters which we have reported to management of the Lee/Ogle Counties Regional Office of Education No. 47 in a separate letter dated June 4, 2013.

The Lee/Ogle Counties Regional Office of Education No. 47's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Lee/Ogle Counties Regional Office of Education No. 47's response and, accordingly, we express no opinion on the responses.

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, the Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
June 4, 2013



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the Lee/Ogle Counties Regional Office of Education No. 47's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lee/Ogle Counties Regional Office of Education No. 47's major federal programs for the year ended June 30, 2012. The Lee/Ogle Counties Regional Office of Education No. 47's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Lee/Ogle Counties Regional Office of Education No. 47's management. Our responsibility is to express an opinion on the Lee/Ogle Counties Regional Office of Education No. 47's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lee/Ogle Counties Regional Office of Education No. 47's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Lee/Ogle Counties Regional Office of Education No. 47's compliance with those requirements.

As described in item 12-2 in the accompanying Schedule of Findings and Questioned Costs, the Lee/Ogle Counties Regional Office of Education No. 47 did not comply with requirements regarding allowable activities, allowable costs/cost principles, cash management, eligibility, period of availability and reporting that are applicable to its Title I - School Improvement and Accountability grant program. Compliance with such requirements is necessary, in our opinion, for the Lee/Ogle Counties Regional Office of Education No. 47 to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Lee/Ogle Counties Regional Office of Education No. 47 complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Lee/Ogle Counties Regional Office of Education No. 47 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Lee/Ogle Counties Regional Office of Education No. 47's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lee/Ogle Counties Regional Office of Education No. 47's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 12-2 to be a material weakness.

The Lee/Ogle Counties Regional Office of Education No. 47's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Lee/Ogle Counties Regional Office of Education No. 47's response and, accordingly, we express no opinion on the responses.

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, the Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
June 4, 2013

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Section I: Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiencies identified? x yes none reported
- Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? x yes no
- Significant deficiencies identified? yes x none reported

Type of auditor's report issued on compliance for major programs:
Qualified

Except for the Title I Grants to Local Educational Agencies grant, for which a material weakness was noted, all other major programs tested were in compliance with requirements.

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.323A</u>	<u>Special Education - State Personnel Development</u>
<u>84.010A</u>	<u>Title I Grants to Local Educational Agencies</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes x no

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Section II: Financial Statement Findings:

FINDING NO. 12-1 - Controls Over Financial Statement Preparation (Repeat from 2011 - No. 11-1, 2010 - No. 10-1, and 2009 - No. 09-1)

Criteria/Specific Requirement:

The Regional Office of Education No. 47 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education No. 47 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner. Auditors, in their review of the Regional Office's accounting records, noted adjustments were required to present the financial statements in accordance with generally accepted accounting principles.

Effect:

Management or employees in the normal course of performing their assigned functions may not prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

Cause:

Management prepared a listing of adjustments needed to present the financial statements in accordance with generally accepted accounting principles. Management's review process of this listing, however, did not effectively detect all of the adjustments needed.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

Section II: Financial Statement Findings:

FINDING NO. 12-1 - Controls Over Financial Statement Preparation (Repeat from 2011 - No. 11-1, 2010 - No. 10-1, and 2009 - No. 09-1)(Continued)

Recommendation:

As part of internal control over the preparation of financial statements, including disclosures, the Regional Office of Education No. 47 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:

As part of our internal control over the preparation of our financial statements, the Regional Office of Education No. 47 has implemented a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures are complete and accurate on a monthly basis. The Regional Superintendent will continue to review all financial statements (including accruals) striving to be as accurate as possible, hoping to eliminate this finding in the future.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Section II: Financial Statement Findings:

FINDING NO. 12-2 - Inadequate Control Over Recording of Grant Activity

Federal Program: Title I Grants to Local Educational Agencies

Project Number: 2012-4331-SS

CFDA Number: 84.010A

Passed Through: Boone-Winnebago Counties Regional Office of Education No. 4

Federal Agency: U.S. Department of Education

Criteria/Specific Requirement:

The Office of Management and Budget (OMB) Circular A-102 Common Rule and OMB Circular A-110 require non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. The objectives of internal control pertaining to the compliance requirements for federal programs are found in OMB Circular A-133.

Condition:

Upon review of reimbursement requests and general ledger detail relating to the Title I - School Improvement and Accountability grant program (labeled as the Regional System of Support Providers fund in the financial statements), the following items were noted:

1. The Regional Office did not properly maintain general ledger records that adequately identified the expenditures requested for reimbursement.
2. A journal entry was recorded to move expenditures from a local source fund to the Regional System of Support Providers fund without specifically identifying the expenditures moved.
3. Some expenditures were requested for reimbursement prior to the invoice being paid.

Questioned Costs:

N/A

Context:

N/A

Effect:

Without ensuring reimbursement requests are derived from or reconcile to the general ledger, errors or omissions may not be detected and corrected. Additionally, without specifically identifying expenditures prior to moving them from one fund to another, there is the possibility that the amounts moved may not meet the grant requirements.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

Section II: Financial Statement Findings:

FINDING NO. 12-2 - Inadequate Control Over Recording of Grant Activity (Continued)

Cause:

1. Proper controls were not in place to ensure that expenditures recorded in the Regional System of Support Providers general ledger detail agreed to the related reimbursement requests and grant award.
2. Proper controls were not in place to ensure that the journal entry had proper supporting documentation prior to being recorded.
3. Reimbursement requests were submitted prior to paying the related expenditures.

Recommendation:

1. The Regional Office should ensure that grants on the reimbursement basis are reconciled to the general ledger.
2. Journal entries need to be accompanied by full explanation and adequate supporting data.
3. Requests for reimbursement should only be made after specifically identifying allowable expenses and ensuring that they have been paid.

Management's Response:

As part of our internal control over reimbursement requests for Title I - School Improvement and Accountability grant program (labeled as the Regional System of Support Providers fund in the financial statements), the Regional Office of Education No. 47 has implemented a more comprehensive preparation and/or review procedure to maintain accurate reimbursement requests. The Regional Superintendent will continue to review all financial statements and reimbursement requests striving to be as accurate as possible.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Section III: Federal Award Findings:

Instances of Noncompliance:

FINDING NO. 12-2 - Inadequate Control Over Recording of Grant Activity (finding details on pages 14-15)

Material Weakness:

FINDING NO. 12-2 - Inadequate Control Over Recording of Grant Activity (finding details on pages 14-15)

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2012**

FINDING NO. 12-1 - Controls Over Financial Statement Preparation (Repeat from 2011 - No. 11-1, 2010 - No. 10-1, and 2009 - No. 09-1)

Condition:

The Regional Office of Education No. 47 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner. Auditors, in their review of the Regional Office's accounting records, noted adjustments were required to present the financial statements in accordance with generally accepted accounting principles.

Plan:

As part of our internal control over the preparation of our financial statements, the Regional Office of Education No. 47 will continue to provide a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures are complete and accurate. Unfortunately, hiring an individual trained in Generally Accepted Accounting Principles will probably still be cost-prohibitive to our small government entity.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Honorable Amy Jo Clemens, Regional Superintendent

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2012**

FINDING NO. 12-2 - Inadequate Control Over Recording of Grant Activity

Condition:

Upon review of reimbursement requests and general ledger detail relating to the Title I - School Improvement and Accountability grant program (labeled as the Regional System of Support Providers fund in the financial statements), the following items were noted:

1. The Regional Office did not properly maintain general ledger records that adequately identified the expenditures requested for reimbursement.
2. A journal entry was recorded to move expenditures from a local source fund to the Regional System of Support Providers fund without specifically identifying the expenditures moved.
3. Some expenditures were requested for reimbursement prior to the invoice being paid.

Plan:

As part of our internal control over reimbursement requests for Title I - School Improvement and Accountability grant program (labeled as the Regional System of Support Providers fund in the financial statements), the Regional Office of Education No. 47 has implemented a more comprehensive preparation and/or review procedure to maintain accurate reimbursement requests. The Regional Superintendent will continue to review all financial statements and reimbursement requests striving to be as accurate as possible.

Anticipated Completion Date:

Immediately

Contact Person Responsible for Corrective Action:

Honorable Amy Jo Clemens, Regional Superintendent

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2012**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
11-1	Controls Over Financial Statement Preparation	Repeated

Management's Discussion and Analysis

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Lee/Ogle Counties Regional Office of Education No. 47 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with Lee/Ogle Counties Regional Office of Education No. 47's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$1,293,757 in fiscal year 2011 to \$1,352,920 in fiscal year 2012, while General Fund expenditures decreased from \$1,212,423 in fiscal year 2011 to \$1,203,773 in fiscal year 2012. The reason for the change is primarily due to an increased number of students in our alternative learning opportunities program and that resulted in an increase in general state aid. Much of this was used in July 2012 to upgrade the technology and classroom materials for more students in fiscal year 13.
- Education Fund revenues increased from \$1,823,105 in fiscal year 2011 to \$2,039,961 in fiscal year 2012. Expenses also increased from \$1,608,073 in fiscal year 2011 to \$2,075,243 in fiscal year 2012. The Education Fund is made up of grants that the Regional Office receives and these can vary greatly from year to year as some programs have decreased funding or are discontinued while others see a funding increase.
- Institute Fund revenues increased from \$14,575 in fiscal year 2011 to \$29,136 in fiscal year 2012. Expenses in the Institute Fund also increased from \$7,254 in fiscal year 2011 to \$12,981 in fiscal year 2012. The increases were due to an increase in the registration fee that all certificate holders pay from \$5 per year to \$10 per year, thus doubling some of our revenue. We will use most of this increase for increased expenses from more professional development activities in fiscal year 13.
- Enterprise Fund revenues increased from \$95,411 in fiscal year 2011 to \$117,706 in fiscal year 2012. Enterprise Fund expenses also increased from \$107,950 in fiscal year 2011 to \$109,490 in fiscal year 2012. These increases were primarily due to participation in our workshops and courses.
- Government-wide revenues increased by approximately 18% from \$3,030,509 in fiscal year 2011 to \$3,571,838 in fiscal year 2012. Government-wide expenses increased by approximately 15% from \$2,994,901 in fiscal year 2011 to \$3,428,899 in fiscal year 2012.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
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USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of Lee/Ogle Counties Regional Office of Education No. 47's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Lee/Ogle Counties Regional Office of Education No. 47 as a whole and present an overall view of Lee/Ogle Counties Regional Office of Education No. 47's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Lee/Ogle Counties Regional Office of Education No. 47's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Lee/Ogle Counties Regional Office of Education No. 47 acts solely as an agent or custodian for the benefit of those outside of Lee/Ogle Counties Regional Office of Education No. 47.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplemental Information further explains and supports the financial statements with information about the Illinois Municipal Retirement Fund Schedule of Funding Progress.

Other Supplemental Information provides detailed information about the major and nonmajor funds.

Figure A-1 summarizes the major features of Lee/Ogle Counties Regional Office of Education No. 47's financial statements, including the portion of Lee/Ogle Counties Regional Office of Education No. 47's activities they cover and the types of information they contain.

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**Figure A-1
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Regional Office of Education No. 47 (except fiduciary funds)	The activities of Regional Office of Education No. 47 that are not proprietary or fiduciary, such as grants and statutory funds	Activities Regional Office of Education No. 47 operates similar to private businesses: workshops	Instances in which Regional Office of Education No. 47 administers resources on behalf of someone else, such as the distributive fund and Private Purpose Trust Fund
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses, and Changes in Fund Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**LEE/OGLE COUNTIES
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**REPORTING LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION NO. 47'S
FINANCIAL ACTIVITIES**

Government-wide Financial Statements

The government-wide financial statements report information about Lee/Ogle Counties Regional Office of Education No. 47 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of Lee/Ogle Counties Regional Office of Education No. 47's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report Lee/Ogle Counties Regional Office of Education No. 47's net assets and how they have changed. Net assets - the difference between Lee/Ogle Counties Regional Office of Education No. 47's assets and liabilities - are one way to measure Lee/Ogle Counties Regional Office of Education No. 47's financial health or financial position. Over time, increases or decreases in Lee/Ogle Counties Regional Office of Education No. 47's net assets are an indicator of whether financial position is improving or deteriorating. To assess Lee/Ogle Counties Regional Office of Education No. 47's overall health, additional non-financial factors, such as changes in Lee/Ogle Counties Regional Office of Education No. 47's grant funding and the condition of facilities need to be considered.

In the government-wide financial statements, Lee/Ogle Counties Regional Office of Education No. 47's activities are divided into two categories:

- *Governmental activities:* Most of Lee/Ogle Counties Regional Office of Education No. 47's basic services are included here, such as grants and statutory funds. Federal and state grant proceeds finance most of these activities.
- *Business-type activities:* Lee/Ogle Counties Regional Office of Education No. 47 charges fees to help cover the costs of certain services it provides. Lee/Ogle Counties Regional Office of Education No. 47's business-type activities can be found on pages 41-43.

Fund Financial Statements

The fund financial statements provide more detailed information about Lee/Ogle Counties Regional Office of Education No. 47's funds, focusing on its most significant or "major" funds - not Lee/Ogle Counties Regional Office of Education No. 47 as a whole. Funds are accounting devices Lee/Ogle Counties Regional Office of Education No. 47 uses to keep track of specific sources of funding and spending on particular programs.

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Some funds are required by state law. Lee/Ogle Counties Regional Office of Education No. 47 establishes other funds to control and manage money for particular purposes, such as accounting for special revenue funds, or to show that it is properly using certain revenues, such as federal grants.

Lee/Ogle Counties Regional Office of Education No. 47 has three kinds of funds:

1) *Governmental funds*: Most of Lee/Ogle Counties Regional Office of Education No. 47's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Lee/Ogle Counties Regional Office of Education No. 47's programs.

Lee/Ogle Counties Regional Office of Education No. 47's governmental funds include the General Fund and Special Revenue Funds.

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

2) *Proprietary funds*: Services for which Lee/Ogle Counties Regional Office of Education No. 47 charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. Lee/Ogle Counties Regional Office of Education No. 47's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Lee/Ogle Counties Regional Office of Education No. 47 currently has three Enterprise Funds, the School Improvement Plan (SIP), the Workshop fund, and the Fingerprinting fund.

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

3) *Fiduciary funds*: Lee/Ogle Counties Regional Office of Education No. 47 is the trustee for assets that belong to others. These funds include a Private-Purpose Trust Fund and Agency Funds.

- Private-Purpose Trust Fund - This is a fund that contains funds that remain on account from the interest accumulated when the Regional Office collected and distributed state funds to the districts. This practice was phased-out over several years as individual districts were able to accept electronic funds from the state into their local banks. The practice was totally eliminated before 2006, yet the interest has continued to be held by the Regional Office in this fund.

**LEE/OGLE COUNTIES
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- Agency Funds - These are funds through which Lee/Ogle Counties Regional Office of Education No. 47 administers and accounts for certain federal and/or state grants on behalf of others.

Lee/Ogle Counties Regional Office of Education No. 47 is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. Lee/Ogle Counties Regional Office of Education No. 47 excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of Lee/Ogle Counties Regional Office of Education No. 47, assets exceeded liabilities by \$839,266 as of June 30, 2012.

A portion of Lee/Ogle Counties Regional Office of Education No. 47's net assets (11%) reflects its investment in capital assets (e.g., furniture and equipment).

Lee/Ogle Counties Regional Office of Education No. 47's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**LEE/OGLE COUNTIES
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The following table presents a summary of Lee/Ogle Counties Regional Office of Education No. 47's net assets for the fiscal year ended June 30, 2012 and 2011.

<u>2012</u>	Governmental Activities	Business- Type Activities	<u>Total</u>
Current assets	\$ 914,191	\$ 63,538	\$ 977,729
Capital assets, net of accumulated depreciation	<u>92,864</u>	<u>-</u>	<u>92,864</u>
Total assets	<u>1,007,055</u>	<u>63,538</u>	<u>1,070,593</u>
Current liabilities	<u>229,786</u>	<u>1,541</u>	<u>231,327</u>
Net assets			
Invested in capital assets	92,864	-	92,864
Unrestricted	630,192	61,997	692,189
Restricted for educational purposes	<u>54,213</u>	<u>-</u>	<u>54,213</u>
Total net assets	<u>\$ 777,269</u>	<u>\$ 61,997</u>	<u>\$ 839,266</u>
<u>2011</u>	Governmental Activities	Business- Type Activities	<u>Total</u>
Current assets	\$ 729,368	\$ 57,752	\$ 787,120
Capital assets, net of accumulated depreciation	<u>96,018</u>	<u>-</u>	<u>96,018</u>
Total assets	<u>825,386</u>	<u>57,752</u>	<u>883,138</u>
Current liabilities	<u>182,840</u>	<u>3,971</u>	<u>186,811</u>
Net assets			
Invested in capital assets	96,018	-	96,018
Unrestricted	490,966	53,781	544,747
Restricted for educational purposes	<u>55,562</u>	<u>-</u>	<u>55,562</u>
Total net assets	<u>\$ 642,546</u>	<u>\$ 53,781</u>	<u>\$ 696,327</u>

The largest portion of Lee/Ogle Counties Regional Office of Education No. 47's net assets is unrestricted. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Unrestricted net assets were \$692,189 at year end. In addition, net assets related to the Institute Fund, Education Fund, and Non-Major Funds are considered restricted for educational purposes.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
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Changes in net assets. Lee/Ogle Counties Regional Office of Education No. 47's total revenue for the fiscal year ended June 30, 2012 was \$3,571,838. The total cost of all programs and services was \$3,428,899. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and 2011.

<u>2012</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ -	\$ 117,706	\$ 117,706
Operating grants and contributions	2,596,394	-	2,596,394
General revenues			
Local sources	277,882	-	277,882
State sources	126,220	-	126,220
On-behalf payments	<u>453,636</u>	<u>-</u>	<u>453,636</u>
Total revenues	<u>3,454,132</u>	<u>117,706</u>	<u>3,571,838</u>
Expenses:			
Education			
Salaries	913,114	15,481	928,595
Benefits	157,200	2,556	159,756
Purchased services	478,316	88,843	567,159
Supplies and materials	100,923	2,610	103,533
Depreciation	33,879	-	33,879
Payments to other governments	1,143,039	-	1,143,039
Other objects	4,783	-	4,783
Capital outlay	34,519	-	34,519
Administrative			
On-behalf payments	<u>453,636</u>	<u>-</u>	<u>453,636</u>
Total expenses	<u>3,319,409</u>	<u>109,490</u>	<u>3,428,899</u>
Change in net assets	134,723	8,216	142,939
Net assets, beginning	<u>642,546</u>	<u>53,781</u>	<u>696,327</u>
Net assets, ending	<u>\$ 777,269</u>	<u>\$ 61,997</u>	<u>\$ 839,266</u>

Operating grants and contributions account for 73% of the total revenue. Lee/Ogle Counties Regional Office of Education No. 47's expenses primarily relate to education, which account for 87% of the total expenses.

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<u>2011</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ -	\$ 95,411	\$ 95,411
Operating grants and contributions	2,043,706	-	2,043,706
General revenues			
Local sources	345,367	-	345,367
State sources	70,585	-	70,585
On-behalf payment	<u>475,440</u>	<u>-</u>	<u>475,440</u>
Total revenues	<u>2,935,098</u>	<u>95,411</u>	<u>3,030,509</u>
Expenses:			
Education			
Salaries	968,893	2,000	970,893
Benefits	156,048	678	156,726
Purchased services	518,430	101,093	619,523
Supplies and materials	46,343	4,179	50,522
Depreciation	35,689	-	35,689
Payments to other governments	685,573	-	685,573
Capital outlay	535	-	535
Administrative			
On-behalf payments	<u>475,440</u>	<u>-</u>	<u>475,440</u>
Total expenses	<u>2,886,951</u>	<u>107,950</u>	<u>2,994,901</u>
Income (loss) before transfers	48,147	(12,539)	35,608
Transfers	<u>2,399</u>	<u>(2,399)</u>	<u>-</u>
Change in net assets	50,546	(14,938)	35,608
Net assets, beginning as restated	<u>592,000</u>	<u>68,719</u>	<u>660,719</u>
Net assets, ending	<u>\$ 642,546</u>	<u>\$ 53,781</u>	<u>\$ 696,327</u>

Operating grants and contributions account for 67% of the total revenue. Lee/Ogle Counties Regional Office of Education No. 47's expenses primarily relate to education, which account for 84% of the total expenses.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

Revenues for governmental activities were \$3,454,132 and \$2,935,098 and expenses were \$3,319,409 and \$2,886,951 for 2012 and 2011, respectively.

The following tables present the cost of Lee/Ogle Counties Regional Office of Education No. 47's functional governmental activities. The tables also show each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and Lee/Ogle Counties Regional Office of Education No. 47's residents by each of these functions.

2012

	<u>Total</u> <u>Expenses</u>	Net (Expenses) <u>Revenues</u>
Education		
Salaries	\$ 913,114	\$ (84,920)
Benefits	157,200	(14,620)
Purchased services	478,316	(44,483)
Supplies and materials	100,923	(9,386)
Depreciation	33,879	(33,879)
Payments to other governments	1,143,039	(106,303)
Other objects	4,783	(445)
Capital outlay	34,519	24,657
Administrative		
On-behalf payments	<u>453,636</u>	<u>(453,636)</u>
Total expenses	<u>\$ 3,319,409</u>	<u>\$(723,015)</u>

2011

	<u>Total</u> <u>Expenses</u>	Net (Expenses) <u>Revenues</u>
Education		
Salaries	\$ 968,893	\$(136,614)
Benefits	156,048	(22,003)
Purchased services	518,430	(73,099)
Supplies and materials	46,343	(6,534)
Depreciation	35,689	(35,689)
Payments to other governments	685,573	(96,666)
Capital outlay	535	2,800
Administrative		
On-behalf payments	<u>475,440</u>	<u>(475,440)</u>
Total expenses	<u>\$ 2,886,951</u>	<u>\$(843,245)</u>

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- The cost of all governmental activities was \$3,319,409 and \$2,886,951 for 2012 and 2011, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$2,596,394 and \$2,043,706 for 2012 and 2011, respectively.

Net cost of governmental activities (\$723,015), was financed by general revenues, which are made up of primarily local sources (\$277,882), state sources (\$126,220), and on-behalf payments (\$453,636) for 2012.

Net cost of governmental activities (\$843,245), was financed by general revenues, which are made up of primarily local sources (\$345,367), state sources (\$70,585), and on-behalf payments (\$475,440) for 2011.

Business-Type Activities

Revenues for business-type activities were \$95,411 and \$117,706 and expenses were \$107,950 and \$109,490 for 2011 and 2012, respectively. Lee/Ogle Counties Regional Office of Education No. 47's business-type activities include the School Improvement Plan (SIP), the Workshops fund, and the Fingerprinting fund. Revenues of these activities were comprised of charges for service and local reimbursements.

INDIVIDUAL FUND ANALYSIS

As previously noted, Lee/Ogle Counties Regional Office of Education No. 47 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of Lee/Ogle Counties Regional Office of Education No. 47 as a whole is reflected in its governmental funds, as well. As Lee/Ogle Counties Regional Office of Education No. 47 completed the year, its governmental funds reported a combined fund balance of \$651,457, above last year's ending fund balances of \$512,830.

Governmental Fund Highlights

The General Fund fund balance increased from \$481,048 in 2011 to \$630,192 in 2012. The General Fund fund balance increase was mostly attributable to an increase in general state aid arriving in fiscal year 12 though much of this was used in July 2012 to upgrade the technology and classroom materials to serve more students in fiscal year 13.

The Education Fund fund balance decreased from \$(17,541) in 2011 to \$(52,820) in 2012. The Education Fund is primarily made up of grants the Regional Office receives and this can vary greatly from year to year as some programs are discontinued while others see a funding increase. Over the various programs that make up the fund, total expenditures exceeded revenues by \$35,279 thus decreasing fund balance in fiscal year 2012.

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Proprietary Fund Highlights

Enterprise Fund net assets increased from \$53,781 at June 30, 2011 to \$61,997 at June 30, 2012. The School Improvement Plan's (SIP) assets are primarily made up of funds the Regional Office receives for providing professional development activities to the districts which are based on their school improvement plans. The Workshops fund's assets are primarily made up of funds the Regional Office receives for providing professional development to individual teachers. These teachers use these activities to satisfy their certificate renewal requirements. The Fingerprinting fund activity is primarily made up of revenues and expenditures the Regional Office receives for providing fingerprinting services to the community.

The Enterprise Fund revenues increased from \$95,411 in fiscal year 2011 to \$117,706 in fiscal year 2012. The Enterprise Fund operating expenses increased from \$107,950 in fiscal year 2011 to \$109,490 in fiscal year 2012. The increases were attributable mostly to increased activity in our workshops and courses.

BUDGETARY HIGHLIGHTS

Lee/Ogle Counties Regional Office of Education No. 47 is not required to create a budget for overall operations. They are required to prepare budgets for most of the grants they receive. Over the course of the year, Lee/Ogle Counties Regional Office of Education No. 47 amended several of the grant budgets within the Education Fund. Budgets for grant programs are adjusted because of an increase or decrease in funding due to changes at the State level or to better allocate funds received to meet the needs of the program.

CAPITAL ASSETS

As of June 30, 2012, Lee/Ogle Counties Regional Office of Education No. 47 had invested \$92,864 in capital assets, including furniture and equipment. This is an decrease of \$3,154 from invested in capital assets, including furniture and equipment on June 30, 2011. Total depreciation expense for the year was \$33,879.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2012.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 92,864	\$ -	\$ 92,864

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2011.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 96,018	\$ -	\$ 96,018

Additional information on Lee/Ogle Counties Regional Office of Education No. 47's capital assets can be found in Note 4 on page 57 of this report.

**LEE/OGLE COUNTIES
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ECONOMIC FACTORS BEARING ON LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION NO. 47'S FUTURE

At the time these financial statements were prepared and audited, Lee/Ogle Counties Regional Office of Education No. 47 was aware of several existing circumstances that could significantly affect its financial health in the future:

With the federal financial sequestration looming, Lee/Ogle Regional Office of Education is preparing to have reduced state grants since the Illinois budget is always a challenge. Fiscal year 13 will bring an 89% proration of General State Aid, reduction in Truants Alternative Optional Education Grant and both Preschool grants. As the Illinois Response to Intervention Network becomes fully staffed and delivering services, those expenses will increase. Future years will be impacted by the federal sequestration in programs such as McKinney-Vento Homeless Education, Illinois Math-Science Partnership and Statewide System of Support.

CONTACTING LEE/OGLE COUNTIES REGIONAL OFFICE OF EDUCATION NO. 47'S FINANCIAL MANAGEMENT

This financial report is designed to provide Lee/Ogle Counties Regional Office of Education No. 47's citizens, taxpayers, customers, and creditors with a general overview of Lee/Ogle Counties Regional Office of Education No. 47's finances and to demonstrate Lee/Ogle Counties Regional Office of Education No. 47's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lee/Ogle Counties Regional Office of Education No. 47, 7772 Clinton Street, Dixon, Illinois 61021.

BASIC FINANCIAL STATEMENTS

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF NET ASSETS
 June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 471,853	\$ 63,038	\$ 534,891
Due from other governments	442,338	500	442,838
Total current assets	914,191	63,538	977,729
Non-current assets:			
Capital assets, being depreciated, net	92,864	-	92,864
Total assets	1,007,055	63,538	1,070,593
LIABILITIES			
Current liabilities:			
Accounts payable	34,135	856	34,991
Due to other governments	191,251	-	191,251
Deferred revenue	4,400	685	5,085
Total current liabilities	229,786	1,541	231,327
NET ASSETS			
Invested capital assets	92,864	-	92,864
Unrestricted	630,192	81,997	692,189
Restricted for educational purposes	54,213	-	54,213
Total net assets	\$ 777,269	\$ 61,997	\$ 839,266

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
Education:						
Salaries	\$ 913,114	\$ -	\$ 828,194	\$ (84,920)	\$ -	\$ (84,920)
Benefits	157,200	-	142,580	(14,620)	-	(14,620)
Purchased services	478,316	-	433,833	(44,483)	-	(44,483)
Supplies and materials	100,923	-	91,537	(9,386)	-	(9,386)
Depreciation	33,879	-	-	(33,879)	-	(33,879)
Payments to other governments	1,143,039	-	1,036,736	(106,303)	-	(106,303)
Other objects	4,783	-	4,338	(445)	-	(445)
Capital outlay	34,519	-	59,176	24,657	-	24,657
Administrative:						
On-behalf payments	453,636	-	-	(453,636)	-	(453,636)
Total governmental activities	3,319,409	-	2,596,394	(723,015)	-	(723,015)
Business-type activities:						
Other	109,490	117,706	-	-	8,216	8,216
Total primary government	\$ 3,428,899	\$ 117,706	\$ 2,596,394	(723,015)	8,216	(714,799)
General revenues:						
Local sources				277,882	-	277,882
State sources				126,220	-	126,220
On-behalf payments				453,636	-	453,636
Total general revenues				857,738	-	857,738
CHANGES IN NET ASSETS				134,723	8,216	142,939
NET ASSETS, BEGINNING OF YEAR				642,546	53,781	696,327
NET ASSETS, END OF YEAR				\$ 777,269	\$ 61,997	\$ 839,266

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

EXHIBIT C

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 400,511	\$ 4,679	\$ 62,033	\$ 4,630	\$ 471,853
Due from other governments	8,730	425,788	-	7,820	442,338
Due from other funds	269,636	-	-	-	269,636
TOTAL ASSETS	<u>\$ 678,877</u>	<u>\$ 430,467</u>	<u>\$ 62,033</u>	<u>\$ 12,450</u>	<u>\$ 1,183,827</u>
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accounts payable	\$ 4,190	\$ 29,768	\$ -	\$ 177	\$ 34,135
Due to other governments	44,170	147,081	-	-	191,251
Due to other funds	-	269,415	-	221	269,636
Deferred revenue	325	37,023	-	-	37,348
Total liabilities	<u>48,685</u>	<u>483,287</u>	<u>-</u>	<u>398</u>	<u>532,370</u>
FUND BALANCE (DEFICIT)					
Restricted	-	-	62,033	12,052	74,085
Assigned	98,681	-	-	-	98,681
Unassigned	531,511	(52,820)	-	-	478,691
Total fund balance (deficit)	<u>630,192</u>	<u>(52,820)</u>	<u>62,033</u>	<u>12,052</u>	<u>651,457</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 678,877</u>	<u>\$ 430,467</u>	<u>\$ 62,033</u>	<u>\$ 12,450</u>	<u>\$ 1,183,827</u>

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 June 30, 2012

Total fund balance of governmental funds (page 37)	\$ 651,457
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	92,864
Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	<u>32,948</u>
Net assets of governmental activities (page 35)	<u>\$ 777,269</u>

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
REVENUES:					
Local sources	\$ 233,093	\$ -	\$ 29,136	\$ 31,962	\$ 294,191
State sources	665,446	554,649	-	903	1,220,998
Federal sources	745	1,485,312	-	-	1,486,057
On-behalf payments	453,636	-	-	-	453,636
Total revenues	<u>1,352,920</u>	<u>2,039,961</u>	<u>29,136</u>	<u>32,865</u>	<u>3,454,882</u>
EXPENDITURES:					
Education:					
Salaries	326,243	574,423	2,736	9,712	913,114
Benefits	46,452	109,107	479	1,162	157,200
Purchased services	129,978	328,452	9,668	10,218	478,316
Supplies and materials	34,759	62,900	98	3,166	100,923
Payments to other governments	208,378	934,661	-	-	1,143,039
On-behalf payments	453,636	-	-	-	453,636
Other objects	-	4,783	-	-	4,783
Capital outlay	4,327	60,917	-	-	65,244
Total expenditures	<u>1,203,773</u>	<u>2,075,243</u>	<u>12,981</u>	<u>24,258</u>	<u>3,316,255</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>149,147</u>	<u>(35,282)</u>	<u>16,155</u>	<u>8,607</u>	<u>138,627</u>
OTHER FINANCING SOURCES (USES):					
Transfer in	-	3	-	-	3
Transfer out	(3)	-	-	-	(3)
Total transfers	<u>(3)</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	149,144	(35,279)	16,155	8,607	138,627
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>481,048</u>	<u>(17,541)</u>	<u>45,878</u>	<u>3,445</u>	<u>512,830</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 630,192</u>	<u>\$ (52,820)</u>	<u>\$ 62,033</u>	<u>\$ 12,052</u>	<u>\$ 651,457</u>

The accompanying notes are an integral part of the financial statements.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012**

Net change in fund balance (page 39) \$ 138,627

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

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

Capital outlay	\$ 30,725	
Depreciation expense	<u>(33,879)</u>	(3,154)

Some receivables will not be collected for several
months after the fiscal year end, so they are
not considered as "available" revenues in the
governmental funds, and they are instead
counted as deferred revenues. They are,
however, recorded as revenues in the
Statement of Activities.

Fiscal year 2011 deferred revenue recognized in fiscal year 2012	(33,698)	
Fiscal year 2012 deferred revenue	<u>32,948</u>	<u>(750)</u>

Change in net assets of governmental activities (page 36) \$ 134,723

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Business-Type Activities Enterprise Funds		
	<u>Workshops</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 63,038	\$ -	\$ 63,038
Due from other governments	<u>-</u>	<u>500</u>	<u>500</u>
Total current assets	<u>63,038</u>	<u>500</u>	<u>63,538</u>
LIABILITIES			
Current liabilities:			
Accounts payable	499	357	856
Deferred revenue	<u>685</u>	<u>-</u>	<u>685</u>
Total current liabilities	<u>1,184</u>	<u>357</u>	<u>1,541</u>
NET ASSETS			
Unrestricted	<u>\$ 61,854</u>	<u>\$ 143</u>	<u>\$ 61,997</u>

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 Year Ended June 30, 2012

	Business-Type Activities Enterprise Funds		
	Other		
	<u>Workshops</u>	<u>Non-Major Funds</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 53,688	\$ 64,018	\$ 117,706
Operating expenses:			
Education:			
Salaries	4,958	10,523	15,481
Benefits	888	1,668	2,556
Purchased services	55,495	33,348	88,843
Supplies and materials	2,472	138	2,610
Total operating expenses	63,813	45,677	109,490
Operating Income (loss)	(10,125)	18,341	8,216
Net assets, beginning of year	71,979	(18,198)	53,781
Net assets, end of year	\$ 61,854	\$ 143	\$ 61,997

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2012

	Business-Type Activities Enterprise Funds		
	<u>Workshops</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from workshops and services	\$ 55,543	\$ 63,630	\$ 119,178
Payments to suppliers and providers of goods and services	(58,948)	(35,620)	(94,568)
Payments to employees	(5,846)	(12,191)	(18,037)
Net cash provided by (used in) operating activities	<u>(9,246)</u>	<u>15,819</u>	<u>6,573</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund loans	-	(15,819)	(15,819)
Net cash used in noncapital financing activities	<u>-</u>	<u>(15,819)</u>	<u>(15,819)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,246)	-	(9,246)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>72,284</u>	<u>-</u>	<u>72,284</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 63,038</u>	<u>\$ -</u>	<u>\$ 63,038</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (10,125)	\$ 18,341	\$ 8,216
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
(Increase) decrease in due from other governments	1,175	(388)	787
Decrease in accounts payable	(981)	(2,134)	(3,115)
Increase in deferred revenue	685	-	685
	<u>879</u>	<u>(2,522)</u>	<u>(1,643)</u>
Net cash provided by (used in) operating activities	<u>\$ (9,246)</u>	<u>\$ 15,819</u>	<u>\$ 6,573</u>

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2012

	Private- Purpose Trust <u>Fund</u>	Agency <u>Funds</u>
ASSETS		
Current assets:		
Cash	\$ 26,824	\$ 81,511
LIABILITIES		
Current liabilities:		
Due to other governmental agencies	<u> -</u>	<u>81,511</u>
NET ASSETS		
Unrestricted		
Held in trust for other purposes	<u>\$ 26,824</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2012

	Private- Purpose Trust <u>Fund</u>
ADDITIONS	
None	\$ -
DEDUCTIONS	
Miscellaneous	<u>694</u>
Change in net assets	(694)
Net assets, beginning of year	<u>27,518</u>
Net assets, end of year	<u>\$ 26,824</u>

The accompanying notes are an integral part of the financial statements.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lee/Ogle Counties Regional Office of Education No. 47 was formed under the provisions of the State of Illinois, Illinois State Board of Education. The Lee/Ogle Counties Regional Office of Education No. 47 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education No. 47 encompasses Lee/Ogle Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

Reporting Entity

The Regional Superintendent is charged with:

- The elevation of the standard of teaching (Article 3), which includes but is not limited to conducting teacher institutes, writing and delivering various educational grants as are needed by the districts, listing unfilled teaching positions and providing assistance in grant writing.
- Maintaining pupil compulsory attendance (Article 26), which includes but is not limited to serving as county truancy officer, providing various truancy prevention programs and services, delivering graduation incentive programs and various home school and other private school registration.
- Supervision and control of school districts (Article 3), which includes but is not limited to conducting ISBE required compliance reviews, official advisor to school officers and teachers, visitation to all public schools, retaining accurate maps and boundary changes, review of district and joint agreement Annual Financial Reports, review of district treasurer bonds, public ombudsman services, recommendation of school and district recognition along with removal of school board members when necessary.
- Inspection of schools for health/life safety (Article 3), which includes but is not limited to annual walk through inspections, school building plan reviews, condemnation of school buildings, and bus driver training and permits.
- Secretary to the Regional Board of School Trustees (Article 5, 6, 7, 11B and 11E), which includes but is not limited to conducting the hearings for any petitions submitted for annexation or detachment from districts, district consolidation or withdrawal from joint agreements.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Teacher certification (Article 21 and 21A), which includes but is not limited to registering educational certificates for all teachers, principals, school support personnel, and paraprofessionals in the region, filing applications for all certificates, endorsements and approvals, completing all certificate renewal reviews and audits, review district teacher assignments, review district paraprofessional assignments, complete highly qualified teacher audits, maintain substitute teacher list and personnel files, along with required criminal background checks.
- Schools for special purposes (Article 13 A and B), which includes but is not limited to Regional Safe Schools for expelled or multiply suspended students and alternative learning opportunities programs.
- High school equivalency testing (Article 3), which includes but is not limited to completing GED preparation and testing along with maintaining transcripts and other records.

The Lee/Ogle Counties Regional Office of Education No. 47's reporting entity includes all related organizations for which it exercises oversight responsibility in accordance with Statement No. 14 of the Governmental Accounting Standards Board.

The Lee/Ogle Counties Regional Office of Education No. 47 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Lee/Ogle Counties Regional Office of Education No. 47's geographic responsibility, 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 Lee/Ogle Counties Regional Office of Education No. 47 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships. The Regional Superintendent has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the financial statements. In addition, the Regional Superintendent is not aware of any entity which would exercise such oversight which would result in the Regional Office of Education No. 47 being considered a component unit of the entity.

Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the activities of Lee/Ogle Counties Regional Office of Education No. 47. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by intergovernmental and local revenues.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Net Assets presents Lee/Ogle Counties Regional Office of Education No. 47's 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 or segment are offset by program revenues. Direct expenses are those 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, contributions and interest restricted to meeting the operational requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within the governmental funds in the financial section of the basic financial statements and are detailed in the supplemental information.

Lee/Ogle Counties Regional Office of Education No. 47 reports the following major governmental funds:

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 and reported for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

Local Fund - to account for monies received for, and payment of, expenditures for various educational workshops and interest income related to various grants.

Alternative Learning Opportunity Program - General State Aid (ALOP-GSA) - to account for state aid funds received for, and payment of, expenditures relating to the operation of an Alternative Learning Opportunity Program.

Regional Safe Schools Program - General State Aid (RSSP-GSA) - to account for the state aid funds received for, and payment of, the expenditures relating to the Regional Safe Schools Program - General State Aid.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. Major special revenue funds include the following:

Institute Fund - The Institute Fund is used to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teachers' institutes, conferences and workshops or meetings of a professional nature that are designed to promote growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

Education Fund - to account for State and Federal grant monies received for, and payment of, administering numerous grant awards which include:

Illinois Family Violence Coordinating Council - to account for grant monies received for, and payment of, expenditures relating to violence prevention.

Mathematics and Science Partnership - to account for grant monies received for, and payment of, expenditures for improving teacher knowledge and skills in mathematics and science such that they prepare content-rich, contextual learning experiences which will increase the achievement of their middle school students in math and/or science.

Rural Education Achievement Program - to account for the grant monies received for, and payment of, expenditures related to this program.

McKinney Education for Homeless Children - to account for the grant monies received for, and payment of, expenditures relating to McKinney Education for Homeless Children program.

Truants Alternative Education - to account for grant monies received for, and payment of, expenditures related to Truants Alternative Education Program.

Teacher Mentoring Pilot Program - to account for the grant monies received for, and payment of, the expenditures relating to the Teacher Mentoring Pilot Program.

Social Emotional Learning - to account for the grant monies received for, and payment of, the expenditures relating to the Social Emotional Learning Program.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Regional System of Support Providers - to account for the grant monies received for, and payment of, the expenditures to support schools and districts who have been identified as in federal "School Improvement Status" due to not making adequate yearly progress.

Pre-School For All Program - to account for grant monies received for, and payment of, expenditures relating to Early Childhood Block Grant Prevention Initiative program.

Early Childhood Block Grant - to account for grant monies received for, and payment of, expenditures relating to Early Childhood Block Grant Prevention Initiative program.

Regional Safe Schools Program - to account for grant monies received for, and payment of, expenditures relating to Regional Safe Schools Program.

Title I - Migrant Education - used to account for grant monies received for, and payment of, the expenditures incurred to support high quality education programs for migratory children.

National School Lunch - this program supports the National School Lunch program.

State Free Lunch and Breakfast - this program supports the State Free Lunch and Breakfast programs.

School Breakfast Program - this program supports the School Breakfast programs.

Gifted Education - this program supports professional development for classroom teachers in meeting the needs of gifted and talented children.

Title I - Reading First Part B SEA Funds - this program provides professional development to elementary teachers using research-based reading programs and interventions.

IDEA Improvement Grant - this program provides a statewide network for the technical assistance and professional development of Response to Intervention through the Illinois State Board of Education.

ROE Operations - used to account for grant monies received for, and payment of, assisting schools in all areas of school improvement.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Illinois Violence Prevention Authority - used to account for grant monies received for, and payment of, updating protocols and training personnel for procedures during an arrest and investigation with a family violence allegation.

Lee/Ogle Counties Regional Office of Education No. 47 reports the following non-major governmental funds:

Bus Driver Fund - used to account for resources accumulated for, and payment of, expenses of issuing school bus driver permits and administering school bus driver training.

General Educational Development (GED) Fund - used to account for resources accumulated for, and payment of, expenses of administering the GED test.

Lee/Ogle Counties Regional Office of Education No. 47 reports the following major proprietary fund:

Workshops - used to account for workshops associated with various grant programs.

Lee/Ogle Counties Regional Office of Education No. 47 reports the following non-major proprietary funds:

School Improvement Plan (SIP) - to account for monies received from school districts held for expenses relating to their school improvement plans.

Fingerprinting - used to account for resources accumulated for, and payment of, expenses of providing criminal background checks.

Lee/Ogle Counties Regional Office of Education No. 47 also reports fiduciary funds which focus on net assets and changes in net assets. They include the following:

Private-Purpose Trust Fund - used to account for interest earned on Distributive Funds. Under written agreement with individual school districts, interest earned on Distributive Funds is used for the benefit of Lee/Ogle Counties Regional Office of Education No. 47.

Agency Funds - used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Lee/Ogle Counties Regional Office of Education No. 47 reports the following agency funds:

Distributive Fund - to account for cash received and disbursed as a result of the Regional Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general state aid, state categorical grants, and various other sources.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact Fees - to account for monies received from owners/builders for the issuance of a zoning certificate. The Regional Superintendent, as agent, remits the fees collected to the appropriate school district.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Lee/Ogle Counties Regional Office of Education No. 47.

Lee/Ogle Counties Regional Office of Education No. 47 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, Lee/Ogle Counties Regional Office of Education No. 47 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Lee/Ogle Counties Regional Office of Education No. 47's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. It is the Regional Office of Education No. 47's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Lee/Ogle Counties Regional Office of Education No. 47's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Lee/Ogle Counties Regional Office of Education No. 47 maintains its financial records on the cash basis. The financial statements of Lee/Ogle Counties Regional Office of Education No. 47 are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash and investments - The cash and investment balances of Lee/Ogle Counties Regional Office of Education No. 47 are valued at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Due from other governments - Due from other governments represents amounts due from the Illinois State Board of Education, other agencies, and districts.

Capital assets - Capital assets, which include furniture and equipment, are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by Lee/Ogle Counties Regional Office of Education No. 47 as assets with estimated useful lives in excess of one year and an original cost in excess of \$500. Capital assets are depreciated using the straight line method over 5 - 7 years.

Impairment of Long Lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred revenues - The Regional Office of Education 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.

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

Nonspendable Fund Balance - the portion of a Governmental Fund's net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance - the portion of a Governmental Fund's net assets that are subject to external enforceable legal restrictions. The Institute Fund, Bus Driver Fund, and General Educational Development (GED) Fund fund balances are restricted by Illinois Statute.

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 Alternative Learning Opportunity Program - General State Aid (ALOP-GSA) fund has a fund balance that is assigned by the Regional Superintendent.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following accounts compromise unassigned fund balance: Local Fund and Alternative Learning Opportunity Program - General State Aid (ALOP-GSA). The following accounts compromise unassigned fund balance due to having negative fund balances at year end: Illinois Family Violence Coordinating Council, Mathematics and Science Partnership, Rural Education Achievement Program, Regional System of Support Providers, Title I - Migrant Education, and IDEA Improvement Grant.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets of the Regional Office of Education are classified as follows:

Invested in Capital Assets - represents the Regional Office of Education's total investment in capital assets.

Restricted Net Assets - represents net assets that are restricted due to constraints placed on the net asset use that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - represents resources used for transactions relating to the general operations of the Regional Office of Education and may be used at the discretion of management to meet expenses for any purpose.

Budgets and Budgetary Accounting

Lee/Ogle Counties Regional Office of Education No. 47 did not adopt a formal budget nor is it legally required to do so for the year ended June 30, 2012; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, Illinois State Board of Education, a granting agent, requires budgets for certain program money. For the year ended June 30, 2012, a budgetary comparison schedule is presented for the following grant funds: Mathematics and Science Partnership, McKinney Education for Homeless Children, Truants Alternative Education, Pre-School For All Program, Early Childhood Block Grant, Regional Safe Schools Program, Title I - Migrant Education, IDEA Improvement Grant, and ROE Operations.

Subsequent Events

Management has evaluated subsequent events through June 4, 2013, the date the financial statements were available to be issued.

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE 2 - DEPOSITS

Deposits

At June 30, 2012, the carrying amount of the Regional Office of Education No. 47's deposits were \$643,226 and the bank balance was \$893,046.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, Lee/Ogle Counties Regional Office of Education No. 47's deposits may not be returned. Lee/Ogle Counties Regional Office of Education No. 47 does not have a deposit policy for custodial credit risk. As of June 30, 2012, all of Lee/Ogle Counties Regional Office of Education No. 47's deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in Lee/Ogle Counties Regional Office of Education No. 47's name.

A reconciliation of cash as shown on the Statement of Net Assets for the primary government is as follows:

	<u>Carrying Amount</u>
Cash - Primary Government	\$ 534,891
Cash - Private-Purpose Trust	26,824
Cash - Agency	<u>81,511</u>
Total	<u>\$ 643,226</u>

NOTE 3 - ON-BEHALF PAYMENTS

Salaries of the Regional Superintendent and her first assistant are paid by the State of Illinois. All other salaries are paid by Lee/Ogle Counties. Pension plan contributions associated with these salaries are also paid by the State of Illinois and Lee/Ogle Counties, respectively.

A breakdown of the on-behalf payments are as follows:

Regional Superintendent - salary	\$ 100,128
Regional Superintendent - benefits (includes state paid insurance)	21,236
Assistant Regional Superintendent - salary	90,120
Assistant Regional Superintendent - benefits (includes state paid insurance)	19,589
TRS on-behalf payments	160,366
THIS on-behalf payments	3,991
Lee County on-behalf payments	29,722
Ogle County on-behalf payments	<u>28,484</u>
Total on-behalf payments	<u>\$ 453,636</u>

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 3 - ON-BEHALF PAYMENTS (CONTINUED)

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

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012 is as follows:

	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Governmental activities:				
Furniture and equipment	\$ 622,525	\$ 30,725	\$ -	\$ 653,250
Less accumulated depreciation	<u>(526,507)</u>	<u>(33,879)</u>	<u>-</u>	<u>(560,386)</u>
Total capital assets, net	<u>\$ 96,018</u>	<u>\$ (3,154)</u>	<u>\$ -</u>	<u>\$ 92,864</u>

Depreciation expense was charged as follows:

 Governmental activities:

 Education:

 Depreciation expense \$ 33,879

NOTE 5 - EMPLOYEE BENEFIT PLAN

The Regional Office of Education No. 47 employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by Lee/Ogle Counties and through grant monies on behalf of the Lee/Ogle Counties Regional Office of Education No. 47 staff employees and grant coordinators.

Lee/Ogle Counties are participating members of the Illinois Municipal Retirement Fund whose coverage includes all employees who:

- a. Occupy a job normally requiring 600 hours or more per year;
- b. Are paid on a regular payroll from County or Lee/Ogle Counties Regional Office of Education No. 47 funds;
- c. Were under age sixty when first entering employment; and
- d. Are not covered by another State created retirement system for the same service.

Employees not qualifying above are considered as "nonparticipating employees" and are covered under Social Security.

The Regional Superintendent and the Assistant Regional Superintendent of Lee/Ogle Counties Regional Office of Education No. 47 are paid by the State of Illinois. Certain staff employees of the office are employed and paid by Lee or Ogle Counties (other support staff and grant coordinators are paid through grant monies). Lee/Ogle Counties Regional Office of Education No. 47 has no separate employee benefit plan.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Illinois Municipal Retirement Plan

Plan Description. Lee/Ogle Counties Regional Office of Education No. 47's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. Lee/Ogle Counties Regional Office of Education No. 47 plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, Lee/Ogle Counties Regional Office of Education No. 47 Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 10.31 percent. Lee/Ogle Counties Regional Office of Education No. 47 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2011 was \$29,007.

TREND INFORMATION

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/11	\$ 29,007	100%	\$ -
12/31/10	22,443	100%	-
12/31/09	13,590	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of Lee/Ogle Counties Regional Office of Education No. 47 Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. Lee/Ogle Counties Regional Office of Education No. 47 Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 10 year basis.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 93.59 percent funded. The actuarial accrued liability for benefits was \$392,587 and the actuarial value of assets was \$367,430, resulting in an underfunded actuarial accrued liability (UAAL) of \$25,157. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$281,344 and the ratio of the UAAL to the covered payroll was 9 percent.

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

NOTE 6 - RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois

Lee/Ogle Counties Regional Office of Education No. 47 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 the 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, 2012, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after Jan. 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

The state of Illinois makes contributions directly to TRS on behalf of Lee/Ogle Counties Regional Office of Education No. 47's TRS-covered employees.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 - RETIREMENT PLANS (CONTINUED)

- **On-behalf Contributions to TRS.** The state of Illinois makes employer pension contributions on behalf of Lee/Ogle Counties Regional Office of Education No. 47. For the year ended June 30, 2012, state of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and Lee/Ogle Counties Regional Office of Education No. 47 recognized revenue and expenditures of \$160,366 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2011 and June 30, 2010, the state of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$176,461) and 23.38 percent (\$154,309), respectively.

Lee/Ogle Counties Regional Office of Education No. 47 makes other types of employer contributions directly to TRS:

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$2,631. Contributions for the years ending June 30, 2011 and June 30, 2010 were \$3,368 and \$2,765, respectively.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by Lee/Ogle Counties Regional Office of Education No. 47, there is a statutory requirement for Lee/Ogle Counties Regional Office of Education No. 47 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 for TRS.

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent of salaries paid from federal and special trusts funds, respectively. For the year ended June 30, 2012, salaries totaling \$106,637 were paid from federal and special trust funds that required employer contributions of \$26,563. For the years ended June 30, 2011 and 2010, required ROE contributions were \$24,818 and \$23,107, respectively.

- **Early Retirement Option (ERO).** Lee/Ogle Counties Regional Office of Education No. 47 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 years ended June 30, 2012, June 30, 2011 and June 30, 2010, Lee/Ogle Counties Regional Office Education No. 47 paid no ERO contributions.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 - RETIREMENT PLANS (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 up to 6 percent. For the years ended June 30, 2012, June 30, 2011, and June 30, 2010, Lee/Ogle Counties Regional Office of Education No. 47 did not make any contributions to TRS for salary increases in excess of 6 percent.
 - 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 rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012). For the years ended June 30, 2012, June 30, 2011, and June 30, 2010, Lee/Ogle Regional Office of Education No. 47 did not make any contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

Teacher Health Insurance Security Fund

Lee/Ogle Regional Office of Education No. 47 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 - RETIREMENT PLANS (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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state to make a contribution to THIS fund.

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

- **On-behalf Contributions to THIS Fund.** The state of Illinois makes employer retiree health insurance contributions on behalf of Lee/Ogle Counties Regional Office of Education No. 47. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$3,991, and Lee/Ogle Counties Regional Office of Education No. 47 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the year ended June 30, 2011, and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of Lee/Ogle Counties Regional Office of Education No. 47 employees were \$5,110 and \$5,544, respectively.
- **Employer Contributions to THIS Fund.** Lee/Ogle Counties Regional Office of Education No. 47 also makes contributions to THIS Fund. The employer THIS fund contribution was 0.66 percent during the years ended June 30, 2012, and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, Lee/Ogle Counties Regional Office of Education No. 47 paid \$2,993 to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, Lee/Ogle Counties Regional Office of Education No. 47 paid \$3,832 and \$3,004 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.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 7 - DISTRIBUTIVE FUND INTEREST DISPOSITION

Interest earned on distributive fund receipts is transferred to the Local Fund by the consent of all affected school boards and other entities. The funds are utilized by the Regional Superintendent to purchase computer equipment, develop inservice activities, and other innovative programs, as well as, assist with the necessary operating expenses of the Regional Office.

NOTE 8 - DUE FROM/TO OTHER GOVERNMENTS

The Lee/Ogle Counties Regional Office of Education No. 47's General, Special Revenue, and Agency Funds have funds due from/to various other governmental units which consist of the following:

Due From Other Governments

General Fund

Local Fund

Other local entities

\$ 8,730

Education Fund

Mathematics and Science Partnerships

Illinois State Board of Education

14,358

McKinney Education for Homeless Children

Illinois State Board of Education

84,426

Truants Alternative Education

Illinois State Board of Education

47,181

Social Emotional Learning

Local Government

39,098

Regional System of Support Providers

Local Government

23,959

Pre-School For All Program

Illinois State Board of Education

17,000

Early Childhood Block Grant

Illinois State Board of Education

7,757

Regional Safe Schools Program

Illinois State Board of Education

19,405

Title I - Migrant Education

Illinois State Board of Education

33,266

IDEA Improvement Grant

Illinois State Board of Education

138,728

Illinois Violence Prevention Authority

Local Government

610

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 8 - DUE FROM/TO OTHER GOVERNMENTS (CONTINUED)

Nonmajor Special Revenue Funds		
General Educational Development (GED) Fund		
Other local entities	\$	7,820
Proprietary Funds		
Fingerprinting		
Other local entities		500
Total		<u>\$ 442,838</u>
Due To Other Governments		
General Fund		
Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	\$	44,170
Education Fund		
McKinney Education for Homeless Children		19,490
Regional System of Support Providers		8,149
Regional Safe Schools Program		19,405
IDEA Improvement Grant		100,037
Agency Funds		
Distributive Fund		81,511
Total		<u>\$ 272,762</u>

NOTE 9 - DUE FROM/TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2012 is as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Local Fund	\$ 269,636	\$ -
Education Fund		
Mathematics and Science Partnerships	-	12,096
Rural Education Achievement Program	-	160
McKinney Education for Homeless Children	-	64,506
Truants Alternative Education	-	47,181
Social Emotional Learning	-	39,018
Regional System of Support Providers	-	27,915
Pre-School For All Program	-	17,000
Early Childhood Block Grant	-	7,757
Title I - Migrant Education	-	19,818
IDEA Improvement Grant	-	33,964
Nonmajor Special Revenue Funds		
General Educational Development (GED) Fund	-	221
Totals	<u>\$ 269,636</u>	<u>\$ 269,636</u>

These balances result from interfund loans. Repayment will be made from future revenues.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 10 - DEFICIT FUND BALANCE

At June 30, 2012, the following funds had deficit fund balances. They are expected to correct themselves in 2013, through payments from applicable sources and transfers from local funds.

Education Fund		
Illinois Family Violence Coordinating Council	\$	(149)
Mathematics and Science Partnership		(3,331)
Rural Education Achievement Program		(160)
Regional System of Support Providers		(19,563)
Title I - Migrant Education		(12,631)
IDEA Improvement Grant		(16,986)

NOTE 11 - TRANSFERS

The following transfer was to provide supplemental funding for additional expenditures incurred as of June 30, 2012:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		
Local Fund	\$ -	\$ 3
Education Fund		
Gifted Education	2	-
Title I - Reading First Part B SEA Funds	1	-
Total	<u>\$ 3</u>	<u>\$ 3</u>

NOTE 12 - RISK MANAGEMENT

Lee/Ogle Counties Regional Office of Education No. 47 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Lee/Ogle Counties Regional Office of Education No. 47 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

NOTE 13 - NEW PRONOUNCEMENTS

In 2012, the Lee/Ogle Counties Regional Office of Education No. 47 adopted the following pronouncements: Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. There was no significant impact on the Lee/Ogle Counties Regional Office of Education No. 47's financial statements as a result of adopting the above statements.

This information is an integral part of the accompanying financial statements.

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

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 SCHEDULE OF FUNDING PROGRESS -
 ILLINOIS MUNICIPAL RETIREMENT FUND (Unaudited)
 June 30, 2012

ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$ 367,430	\$ 392,587	\$ 25,157	93.59%	\$ 281,344	8.94%
12/31/10	321,530	347,525	25,995	92.52%	219,813	11.83%
12/31/09	281,643	320,872	39,229	87.77%	242,241	16.19%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$356,863.
 On a market basis, the funded ratio would be 90.90%.

SUPPLEMENTAL INFORMATION

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2012

	<u>Local Fund</u>	<u>Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)</u>	<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 172,768	\$ 227,743	\$ -	\$ 400,511
Due from other governments	8,730	-	-	8,730
Due from other funds	<u>269,636</u>	<u>-</u>	<u>-</u>	<u>269,636</u>
TOTAL ASSETS	<u>\$ 451,134</u>	<u>\$ 227,743</u>	<u>\$ -</u>	<u>\$ 678,877</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 1,438	\$ 2,752	\$ -	\$ 4,190
Due to other governments	-	44,170	-	44,170
Deferred revenue	<u>325</u>	<u>-</u>	<u>-</u>	<u>325</u>
Total liabilities	1,763	46,922	-	48,685
FUND BALANCE				
Assigned	-	98,681	-	98,681
Unassigned	<u>449,371</u>	<u>82,140</u>	<u>-</u>	<u>531,511</u>
Total fund balance	<u>449,371</u>	<u>180,821</u>	<u>-</u>	<u>630,192</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 451,134</u>	<u>\$ 227,743</u>	<u>\$ -</u>	<u>\$ 678,877</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 Year Ended June 30, 2012

	Local Fund	Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Total
REVENUES:				
Local sources	\$ 209,592	\$ 23,501	\$ -	\$ 233,093
State sources	-	497,027	188,419	665,446
Federal sources	-	495	250	745
On-behalf payments	<u>453,636</u>	<u>-</u>	<u>-</u>	<u>453,636</u>
Total revenues	<u>663,228</u>	<u>521,023</u>	<u>168,669</u>	<u>1,352,920</u>
EXPENDITURES:				
Education:				
Salaries	27,189	298,804	250	326,243
Benefits	5,155	41,297	-	46,452
Purchased services	83,096	42,671	4,211	129,978
Supplies and materials	31,845	2,914	-	34,759
Payments to other governments	-	44,170	164,208	208,378
On-behalf payments	453,636	-	-	453,636
Capital outlay	<u>3,652</u>	<u>675</u>	<u>-</u>	<u>4,327</u>
Total expenditures	<u>604,573</u>	<u>430,531</u>	<u>168,669</u>	<u>1,203,773</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>58,655</u>	<u>90,492</u>	<u>-</u>	<u>149,147</u>
OTHER FINANCING USES:				
Transfer out	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(3)</u>
NET CHANGE IN FUND BALANCE	58,652	90,492	-	149,144
FUND BALANCE, BEGINNING OF YEAR	<u>390,719</u>	<u>90,329</u>	<u>-</u>	<u>481,048</u>
FUND BALANCE, END OF YEAR	<u>\$ 449,371</u>	<u>\$ 180,821</u>	<u>\$ -</u>	<u>\$ 630,192</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2012

	Illinois Family Violence Coordinating Council	Mathematics and Science Partnership	Rural Education Achievement Program	McKinney Education for Homeless Children	Truants Alternative Education	Teacher Mentoring Pilot Program
ASSETS						
Cash and cash equivalents	\$ 3,926	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	14,358	-	84,426	47,181	-
TOTAL ASSETS	\$ 3,926	\$ 14,358	\$ -	\$ 84,426	\$ 47,181	\$ -
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accounts payable	\$ -	\$ 2,262	\$ -	\$ 430	\$ -	\$ -
Due to other governments	-	-	-	19,490	-	-
Due to other funds	-	12,096	160	64,508	47,181	-
Deferred revenue	4,075	3,331	-	-	-	-
Total liabilities	4,075	17,689	160	84,426	47,181	-
FUND BALANCE (DEFICIT)						
Unassigned	(149)	(3,331)	(160)	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 3,926	\$ 14,358	\$ -	\$ 84,426	\$ 47,181	\$ -

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2012

SCHEDULE 3
(CONTINUED)

	<u>Social Emotional Learning</u>	<u>Regional System of Support Providers</u>	<u>Pre-School For All Program</u>	<u>Early Childhood Block Grant</u>	<u>Regional Safe Schools Program</u>	<u>Title I - Migrant Education</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	39,098	23,959	17,000	7,757	19,405	33,266
TOTAL ASSETS	\$ 39,098	\$ 23,959	\$ 17,000	\$ 7,757	\$ 19,405	\$ 33,266
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accounts payable	\$ 80	\$ 7,458	\$ -	\$ -	\$ -	\$ 13,448
Due to other governments	-	8,149	-	-	19,405	-
Due to other funds	39,018	27,915	17,000	7,757	-	19,818
Deferred revenue	-	-	-	-	-	12,631
Total liabilities	39,098	43,522	17,000	7,757	19,405	45,897
FUND BALANCE (DEFICIT)						
Unassigned	-	(19,563)	-	-	-	(12,631)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 39,098	\$ 23,959	\$ 17,000	\$ 7,757	\$ 19,405	\$ 33,266

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2012

SCHEDULE 3
 (CONTINUED)

	<u>National School Lunch</u>	<u>State Free Lunch and Breakfast</u>	<u>School Breakfast Program</u>	<u>Gifted Education</u>	<u>Title I - Reading First Part B SEA Funds</u>	<u>IDEA Improvement Grant</u>
ASSETS						
Cash and cash equivalents	\$ 825	\$ -	\$ 128	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	138,728
TOTAL ASSETS	\$ 625	\$ -	\$ 128	\$ -	\$ -	\$ 138,728
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accounts payable	\$ 625	\$ -	\$ 128	\$ -	\$ -	\$ 4,727
Due to other governments	-	-	-	-	-	100,037
Due to other funds	-	-	-	-	-	33,964
Deferred revenue	-	-	-	-	-	16,986
Total liabilities	625	-	128	-	-	155,714
FUND BALANCE (DEFICIT)						
Unassigned	-	-	-	-	-	(16,986)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 625	\$ -	\$ 128	\$ -	\$ -	\$ 138,728

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2012

SCHEDULE 3
 (CONTINUED)

	<u>ROE</u> <u>Operations</u>	Illinois Violence Prevention <u>Authority</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 4,679
Due from other governments	-	610	425,788
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 610</u>	<u>\$ 430,467</u>
LIABILITIES AND FUND BALANCE (DEFICIT)			
LIABILITIES			
Accounts payable	\$ -	\$ 610	\$ 29,768
Due to other governments	-	-	147,081
Due to other funds	-	-	269,415
Deferred revenue	-	-	37,023
Total liabilities	-	610	483,287
FUND BALANCE (DEFICIT)			
Unassigned	-	-	(52,820)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ 610</u>	<u>\$ 430,467</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2012

	Illinois Family Violence Coordinating <u>Council</u>	Mathematics and Science <u>Partnership</u>	Rural Education Achievement <u>Program</u>	McKinney Education for Homeless <u>Children</u>	Truants Alternative <u>Education</u>	Teacher Mentoring Pilot <u>Program</u>
REVENUES:						
Slate sources	\$ 19,177	\$ -	\$ -	\$ -	\$ 162,724	\$ 5,679
Federal sources	-	276,344	20,244	287,421	-	-
Total revenues	19,177	276,344	20,244	287,421	162,724	5,679
EXPENDITURES:						
Education:						
Salaries	8,400	45,165	7,866	61,985	126,701	4,836
Benefits	643	14,095	-	10,853	13,679	519
Purchased services	9,979	129,334	1,785	15,727	13,028	205
Supplies and materials	156	29,634	7,913	755	8,009	119
Payments to other governments	-	10,508	-	197,384	-	-
Other objects	-	-	-	-	-	-
Capital outlay	-	60,940	2,820	814	-	-
Total expenditures	19,178	279,676	20,404	287,418	161,417	5,679
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1)	(3,332)	(160)	3	1,307	-
OTHER FINANCING SOURCES:						
Transfer in	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE (DEFICIT)	(1)	(3,332)	(160)	3	1,307	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(148)	1	-	(3)	(1,307)	-
FUND BALANCE (DEFICIT), END OF YEAR	(149)	(3,331)	(160)	-	-	-

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2012

	Social Emotional Learning	Regional System of Support Providers	Pre-School For All Program	Early Childhood Block Grant	Regional Safe Schools Program	Title I - Migrant Education
REVENUES:						
State sources	\$ 115,853	\$ -	\$ 85,712	\$ 35,106	\$ 96,178	\$ -
Federal sources	-	100,111	-	-	-	96,747
Total revenues	115,853	100,111	85,712	35,106	96,178	96,747
EXPENDITURES:						
Education:						
Salaries	71,375	36,875	86,008	23,324	-	61,852
Benefits	13,510	21,674	10,353	1,784	-	17,167
Purchased services	26,772	44,242	6,561	8,833	2,182	20,956
Supplies and materials	1,119	-	2,790	1,165	-	7,853
Payments to other governments	-	16,883	-	-	85,130	1,750
Other objects	-	-	-	-	-	-
Capital outlay	1,548	-	-	-	-	-
Total expenditures	114,324	119,674	85,712	35,106	87,312	109,378
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,529	(19,563)	-	-	8,866	(12,631)
OTHER FINANCING SOURCES:						
Transfer in	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE (DEFICIT)	1,529	(19,563)	-	-	8,866	(12,631)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(1,529)	-	-	-	(8,866)	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ (19,563)	\$ -	\$ -	\$ -	\$ (12,631)

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2012

	National School <u>Lunch</u>	State Free Lunch and <u>Breakfast</u>	School Breakfast <u>Program</u>	Gifted <u>Education</u>	Title I - Reading First <u>Part B SEA Funds</u>	IDEA Improvement <u>Grant</u>
REVENUES:						
State sources	\$ -	\$ 252	\$ -	\$ -	\$ -	\$ -
Federal sources	5,077	-	1,511	-	-	697,247
Total revenues	<u>5,077</u>	<u>252</u>	<u>1,511</u>	<u>-</u>	<u>-</u>	<u>697,247</u>
EXPENDITURES:						
Education:						
Salaries	-	-	-	-	-	44,624
Benefits	-	-	-	-	-	2,111
Purchased services	-	-	-	-	-	38,170
Supplies and materials	-	-	-	-	-	3,584
Payments to other governments	5,077	252	1,511	-	-	16,166
Other objects	-	-	-	-	-	4,783
Capital outlay	-	-	-	-	-	4,795
Total expenditures	<u>5,077</u>	<u>252</u>	<u>1,511</u>	<u>-</u>	<u>-</u>	<u>714,233</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,986)</u>
OTHER FINANCING SOURCES:						
Transfer in	-	-	-	2	1	-
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-	2	1	(16,986)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	-	-	(2)	(1)	-
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,986)</u>

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2012

	ROE <u>Operations</u>	Illinois Violence Prevention <u>Authority</u>	<u>Totals</u>
REVENUES:			
State sources	\$ 33,968	\$ -	\$ 554,649
Federal sources	-	610	1,485,312
Total revenues	33,968	610	2,039,961
EXPENDITURES:			
Education:			
Salaries	15,492	-	574,423
Benefits	2,719	-	109,107
Purchased services	10,068	610	328,452
Supplies and materials	3	-	62,900
Payments to other governments	-	-	934,661
Other objects	-	-	4,783
Capital outlay	-	-	60,917
Total expenditures	28,282	610	2,075,243
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,686	-	(35,282)
OTHER FINANCING SOURCES:			
Transfer in	-	-	3
NET CHANGE IN FUND BALANCE (DEFICIT)	5,686	-	(35,279)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(5,686)	-	(17,541)
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ -	\$ (52,820)

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2012

	<u>Mathematics and Science Partnership</u>				<u>McKinney Education for Homeless Children</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	280,512	280,512	276,344	(4,168)	323,153	335,153	287,421	(47,732)
Total revenues	<u>280,512</u>	<u>280,512</u>	<u>276,344</u>	<u>(4,168)</u>	<u>323,153</u>	<u>335,153</u>	<u>287,421</u>	<u>(47,732)</u>
EXPENDITURES:								
Education:								
Salaries	41,595	44,520	45,165	(645)	57,542	64,542	61,885	2,657
Benefits	13,147	14,223	14,095	128	9,937	11,397	10,853	544
Purchased services	143,205	134,204	129,334	4,870	11,767	14,749	15,727	(978)
Supplies and materials	35,490	23,500	29,634	(6,134)	1,436	1,394	755	639
Payments to other governments	30,450	25,450	10,508	14,942	242,471	242,471	197,384	45,087
Other objects	-	-	-	-	-	-	-	-
Capital outlay	16,625	38,615	50,940	(12,325)	-	600	814	(214)
Total expenditures	<u>280,512</u>	<u>280,512</u>	<u>279,676</u>	<u>836</u>	<u>323,153</u>	<u>335,153</u>	<u>287,418</u>	<u>47,735</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>(3,332)</u>	<u>\$ (3,332)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3</u>	<u>\$ 3</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>1</u>				<u>(3)</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (3,331)</u>				<u>\$ -</u>	

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2012

	Truants Alternative Education				Pre-School For All Program			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
State sources	\$ 141,481	\$ 141,481	\$ 162,724	\$ 21,243	\$ 85,712	\$ 85,712	\$ 85,712	\$ -
Federal sources	-	-	-	-	-	-	-	-
Total revenues	141,481	141,481	162,724	21,243	85,712	85,712	85,712	-
EXPENDITURES:								
Education:								
Salaries	110,916	110,916	126,701	(15,785)	64,307	64,307	66,008	(1,701)
Benefits	11,448	11,448	13,679	(2,231)	9,877	9,877	10,353	(476)
Purchased services	15,864	15,864	13,028	2,836	9,945	9,945	6,561	3,384
Supplies and materials	3,253	3,253	8,009	(4,756)	1,583	1,583	2,790	(1,207)
Payments to other governments	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	141,481	141,481	161,417	(19,936)	85,712	85,712	85,712	-
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	1,307	\$ 1,307	\$ -	\$ -	-	\$ -
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(1,307)				-	
FUND BALANCE (DEFICIT), END OF YEAR			\$ -				\$ -	

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2012

	Early Childhood Block Grant				Regional Safe Schools Program			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
State sources	\$ 32,257	\$ 32,257	\$ 35,106	\$ 2,849	\$ 87,312	\$ 87,312	\$ 96,178	\$ 8,866
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>32,257</u>	<u>32,257</u>	<u>35,106</u>	<u>2,849</u>	<u>87,312</u>	<u>87,312</u>	<u>96,178</u>	<u>8,866</u>
EXPENDITURES:								
Education:								
Salaries	21,812	21,812	23,324	(1,512)	-	-	-	-
Benefits	1,634	1,634	1,784	(150)	-	-	-	-
Purchased services	7,355	7,355	8,833	(1,478)	2,182	2,182	2,182	-
Supplies and materials	1,456	1,456	1,166	291	-	-	-	-
Payments to other governments	-	-	-	-	85,130	85,130	85,130	-
Other objects	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>32,257</u>	<u>32,257</u>	<u>35,106</u>	<u>(2,849)</u>	<u>87,312</u>	<u>87,312</u>	<u>87,312</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>8,866</u>	<u>\$ 8,866</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>-</u>				<u>(8,866)</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2012

	Title I - Migrant Education				IDEA Improvement Grant			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	107,253	107,253	98,747	(10,506)	2,293,750	2,293,750	697,247	(1,596,503)
Total revenues	107,253	107,253	98,747	(10,506)	2,293,750	2,293,750	697,247	(1,596,503)
EXPENDITURES:								
Education:								
Salaries	55,661	56,461	61,852	(5,391)	86,212	86,212	44,624	41,588
Benefits	16,349	16,549	17,167	(618)	22,114	22,114	2,111	20,003
Purchased services	29,303	23,703	20,956	2,747	347,673	371,215	38,170	333,045
Supplies and materials	3,290	7,890	7,653	237	21,200	22,350	3,584	18,766
Payments to other governments	2,650	2,650	1,750	900	1,759,409	1,733,258	618,166	1,117,092
Other objects	-	-	-	-	27,142	28,601	4,783	23,818
Capital outlay	-	-	-	-	30,000	30,000	4,795	25,205
Total expenditures	107,253	107,253	109,378	(2,125)	2,293,750	2,293,750	714,233	1,579,517
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	(12,631)	\$ (12,631)	\$ -	\$ -	(16,986)	\$ (16,986)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-				-	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (12,631)				\$ (16,986)	

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2012

	ROE Operations				Total			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
State sources	\$ 28,282	\$ 28,282	\$ 33,968	\$ 5,686	\$ 375,044	\$ 375,044	\$ 413,688	\$ 38,644
Federal sources	-	-	-	-	3,004,668	3,016,668	1,357,759	(1,658,909)
Total revenues	28,282	28,282	33,968	5,686	3,379,712	3,391,712	1,771,447	(1,620,265)
EXPENDITURES:								
Education:								
Salaries	8,000	14,000	15,492	(1,492)	446,045	462,770	445,051	17,719
Benefits	12,000	2,500	2,719	(219)	96,506	89,742	72,761	16,981
Purchased services	7,500	11,682	10,068	1,614	574,794	590,899	244,859	346,040
Supplies and materials	782	100	3	97	68,490	61,526	53,593	7,933
Payments to other governments	-	-	-	-	2,120,110	2,088,959	910,938	1,178,021
Other objects	-	-	-	-	27,142	28,601	4,783	23,818
Capital outlay	-	-	-	-	46,625	69,215	58,549	12,666
Total expenditures	28,282	28,282	28,282	-	3,379,712	3,391,712	1,788,534	1,603,178
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	5,686	\$ 5,686	\$ -	\$ -	(17,087)	\$ (17,087)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR				(5,686)			(15,861)	
FUND BALANCE (DEFICIT), END OF YEAR			\$ -				\$ (32,948)	

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 June 30, 2012

ASSETS	Bus Driver Fund	General Educational Development (GED) Fund	Total
Cash and cash equivalents	\$ 4,630	\$ -	\$ 4,630
Due from other governments	<u>-</u>	<u>7,820</u>	<u>7,820</u>
TOTAL ASSETS	<u>\$ 4,630</u>	<u>\$ 7,820</u>	<u>\$ 12,450</u>
LIABILITIES AND FUND BALANCE (DEFICIT)			
LIABILITIES			
Accounts payable	\$ -	\$ 177	\$ 177
Due to other funds	<u>-</u>	<u>221</u>	<u>221</u>
Total liabilities	<u>-</u>	<u>398</u>	<u>398</u>
FUND BALANCE			
Restricted	<u>4,630</u>	<u>7,422</u>	<u>12,052</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,630</u>	<u>\$ 7,820</u>	<u>\$ 12,450</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2012

	Bus Driver Fund	General Educational Development (GED) Fund	Total
REVENUES:			
Local sources	\$ 1,974	\$ 29,988	\$ 31,962
State sources	903	-	903
Total revenues	<u>2,877</u>	<u>29,988</u>	<u>32,865</u>
EXPENDITURES:			
Education:			
Salaries	-	9,712	9,712
Benefits	-	1,162	1,162
Purchased services	2,198	8,020	10,218
Supplies and materials	-	3,166	3,166
Total expenditures	<u>2,198</u>	<u>22,060</u>	<u>24,258</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	679	7,928	8,607
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>3,951</u>	<u>(506)</u>	<u>3,445</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,630</u>	<u>\$ 7,422</u>	<u>\$ 12,052</u>

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
June 30, 2012

	<u>School Improvement Plan (SIP)</u>	<u>Fingerprinting</u>	<u>Total</u>
ASSETS			
Current assets:			
Due from other governments	\$ -	\$ 500	\$ 500
LIABILITIES			
Accounts payable	-	357	357
NET ASSETS			
Unrestricted	\$ -	\$ 143	\$ 143

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 NON-MAJOR PROPRIETARY FUNDS
 Year Ended June 30, 2012

	School Improvement Plan (SIP)	Fingerprinting	Total
Operating revenues:			
Charges for services	\$ 54,576	\$ 9,442	\$ 64,018
Operating expenses:			
Education:			
Salaries	8,159	2,364	10,523
Benefits	1,246	422	1,668
Purchased services	28,007	5,341	33,348
Supplies and materials	-	138	138
Total operating expenses	<u>37,412</u>	<u>8,265</u>	<u>45,677</u>
Operating income	17,164	1,177	18,341
Net assets,			
beginning of year	<u>(17,164)</u>	<u>(1,034)</u>	<u>(18,198)</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 143</u>	<u>\$ 143</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING STATEMENT OF CASH FLOWS
 NON-MAJOR PROPRIETARY FUNDS
 Year Ended June 30, 2012

	<u>School Improvement Plan (SIP)</u>	<u>Fingerprinting</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from workshops and services	\$ 54,576	\$ 9,054	\$ 63,630
Payments to suppliers and providers of goods and services	(29,897)	(5,723)	(35,620)
Payments to employees	<u>(9,405)</u>	<u>(2,786)</u>	<u>(12,191)</u>
Net cash provided by operating activities	<u>15,274</u>	<u>545</u>	<u>15,819</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund loans	<u>(15,274)</u>	<u>(545)</u>	<u>(15,819)</u>
Net cash used in noncapital financing activities	<u>(15,274)</u>	<u>(545)</u>	<u>(15,819)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 17,164	\$ 1,177	\$ 18,341
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Increase in due from other governments	-	(388)	(388)
Decrease in accounts payable	<u>(1,890)</u>	<u>(244)</u>	<u>(2,134)</u>
	<u>(1,890)</u>	<u>(632)</u>	<u>(2,522)</u>
Net cash provided by operating activities	<u>\$ 15,274</u>	<u>\$ 545</u>	<u>\$ 15,819</u>

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 June 30, 2012

	<u>Distributive Fund</u>	<u>Impact Fees</u>	<u>Total</u>
ASSETS			
Cash	\$ 81,511	\$ -	\$ 81,511
LIABILITIES			
Due to other governmental agencies	\$ 81,511	\$ -	\$ 81,511

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2012

	<u>Balance,</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2012</u>
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash	\$ 18,307	\$ 2,177,018	\$ 2,113,814	\$ 81,511
LIABILITIES				
Due to other governmental agencies	\$ 18,307	\$ 2,177,018	\$ 2,113,814	\$ 81,511
<u>IMPACT FEES</u>				
ASSETS				
Cash	\$ 2,052	\$ 12,198	\$ 14,250	\$ -
LIABILITIES				
Due to other governmental agencies	\$ 2,052	\$ 12,198	\$ 14,250	\$ -
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 20,359	\$ 2,189,216	\$ 2,128,064	\$ 81,511
LIABILITIES				
Due to other governmental agencies	\$ 20,359	\$ 2,189,216	\$ 2,128,064	\$ 81,511

LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 47
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
 TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND
 Year Ended June 30, 2012

<u>Program</u>	<u>Regional Office of Education</u>
General State Aid	\$ 665,436
Truants Alternative	226,119
Regional Safe Schools	121,083
State Free Lunch & Breakfast	219
ROE School Bus Driver	903
Early Childhood - Block Grant	150,040
ROE/ISC Operations	62,404
Teacher & Administrators Mentoring Program	46,150
National School Lunch Program	4,261
School Breakfast Program	1,210
Title I - Migrant Education	13,737
IDEA - Improvement Grants	531,008
ARRA - Education Jobs	14,045
McKinney Education for Homeless Children	195,952
Mathematics and Science Partnerships	81,246
Total	\$ 2,113,814

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

Federal Grantor/Pass- Through Grantor, Program or Cluster Title	CFDA Number	Project Number (1st 8 digits) or Contract #	Federal Expenditures 7/1/2011 - 6/30/2012
U.S. Department of Agriculture passed through Illinois State Board of Education (ISBE):			
National School Lunch Program	10.555	12-4210-00	\$ 5,077
School Breakfast Program	10.553	12-4220-00	<u>1,511</u>
Child Nutrition Cluster			<u>6,588</u>
U.S. Department of Justice passed through Passed through Illinois Family Violence Coordinating Council Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			
	15.580	12-FVC15F-05	<u>610</u>
U.S. Department of Education passed through Illinois State Board of Education (ISBE):			
Mathematics and Science Partnerships	84.366B	11-4936-00	53,945
Mathematics and Science Partnerships	84.366B	11-4936-10	130,126
Mathematics and Science Partnerships	84.366B	12-4936-40	12,638
Mathematics and Science Partnerships	84.366B	12-4936-10	<u>82,967</u>
			<u>279,676</u>
Special Education - State Personnel Development (M) IDEA - Improvement Grants	84.323A	11-4631-RN	42,653
(M) IDEA - Improvement Grants	84.323A	12-4631-RN	<u>671,580</u>
			<u>714,233</u>
ARRA - Education Jobs Fund	84.410A	12-4880-93	250
ARRA - Education Jobs Fund	84.410A	12-4880-95	<u>495</u>
			<u>745</u>
McKinney Education for Homeless Children and Youth	84.196A	11-4920-00	7,044
McKinney Education for Homeless Children and Youth	84.196A	12-4920-00	<u>280,374</u>
			<u>287,418</u>
Title I Grants to Local Educational Agencies:			
Title I - Migrant Educator	84.011A	11-4340-01	51,465
Title I - Migrant Educator	84.011A	12-4340-00	20,476
Title I - Migrant Educator	84.011A	12-4340-01	<u>24,586</u>
			<u>106,527</u>
Migrant Education - Coordination Program			
Title I - Migrant Educator Incentive	84.144F	11-4341-00	910
Title I - Migrant Educator Incentive	84.144F	12-4341-00	<u>1,941</u>
			<u>2,851</u>
Total U.S. Department of Education passed through Illinois State Board of Education			<u>1,391,450</u>
U.S. Department of Education			
Rural Education Achievement Program	84.358A	12-4999-00	<u>20,244</u>
U.S. Department of Education passed through Boone-Winnebago Counties - Regional Office of Education No. 4			
Title I Grants to Local Educational Agencies (M) Regional System of Support Providers	84.010A	12-4331-SS	<u>100,111</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,519,003</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lee/Ogle Counties Regional Office of Education No. 47 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the basic financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, Lee/Ogle Counties Regional Office of Education No. 47 provided \$184,555 to sub-recipients during fiscal year ended June 30, 2012 as follows:

To:	Rock Island County Regional Office of Education No. 49:		
	84.196	2012-4920-00 McKinney Education for Homeless Children	\$ 15,492
To:	Bureau, Henry, and Stark Counties Regional Office of Education No. 28:		
	84.196	2012-4920-00 McKinney Education for Homeless Children	15,094
To:	Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education No. 8:		
	84.196	2012-4920-00 McKinney Education for Homeless Children	24,223
To:	DeKalb County Regional Office of Education No. 16:		
	84.196	2012-4920-00 McKinney Education for Homeless Children	21,329
To:	LaSalle County Regional Office of Education No. 35:		
	84.196	2012-4920-00 McKinney Education for Homeless Children	28,671
To:	Marshall, Putnum, and Woodford Counties Regional Office of Education No. 43:		
	84.196	2012-4920-00 McKinney Education for Homeless Children	10,218
To:	Boone and Winnebago Counties Regional Office of Education No. 4:		
	84.196	2012-4920-00 McKinney Education for Homeless Children	49,036
To:	Whiteside County Regional Office of Education No. 55:		
	84.196	2012-4920-00 McKinney Education for Homeless Children	20,492

LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

The following federal programs were audited as major programs in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Special Education - State Personnel Development

IDEA Improvement Grant - this program provides a statewide network for the technical assistance and professional development of Response to Intervention through the Illinois State Board of Education.

Title I Grants to Local Educational Agencies

Regional System of Support Providers - to account for the grant monies received for, and payment of, the expenditures to support schools and districts who have been identified as in federal "School Improvement Status" due to not making adequate yearly progress.

NOTE 4 - NON-CASH ASSISTANCE

N/A

NOTE 5 - AMOUNT OF INSURANCE

N/A

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

N/A