

**State of Illinois
SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
FINANCIAL AUDIT
For the Year Ended June 30, 2012**

**Performed as Special Assistant Auditors
For the Office of the Auditor General**

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
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SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
JUNE 30, 2012

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Mr. Jeff Vose

Assistant Regional Superintendent
(Current and during the audit period)

Ms. Shannon Fehrholz

Office is located at:

200 South Ninth Street
Room 303 County Complex
Springfield, IL 62701-1629

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 JUNE 30, 2012

FINANCIAL REPORT SUMMARY

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

AUDITOR'S REPORTS

The auditor's reports do not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF AUDIT FINDINGS

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

Details of audit findings are presented 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 RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

12-01	10a	Controls Over Financial Statement Preparation	Material Weakness
12-02	10c	Uncollateralized Deposits	Material Weakness

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
JUNE 30, 2012

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 16, 2012. Attending were Jeff Vose, Regional Superintendent; Mimi Power, Bookkeeper; and Tami Knight, Partner, Kemper CPA Group, LLP. Responses to the recommendations were provided by Jeff Vose, Regional Superintendent, on December 12, 2012.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
JUNE 30, 2012

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Sangamon County Regional Office of Education #51 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #51's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sangamon County Regional Office of Education #51, as of and for the year ended June 30, 2012, which collectively comprise the Sangamon County Regional Office of Education #51's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sangamon County Regional Office of Education #51's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sangamon County Regional Office of Education #51, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 24, 2013, on our consideration of the Sangamon County Regional Office of Education #51'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, Illinois Municipal Retirement Fund Schedule of Funding Progress, and Other Post-Employment Benefits – Health Insurance Schedule of Funding Progress on pages 13a through 13f, 52, and 53 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 Sangamon County Regional Office of Education #51's financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mattoon, Illinois
January 24, 2013



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sangamon County Regional Office of Education #51, as of and for the year ended June 30, 2012, which collectively comprise the Sangamon County Regional Office of Education #51's basic financial statements and have issued our report thereon dated January 24, 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 Sangamon County Regional Office of Education #51 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Sangamon County Regional Office of Education #51's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sangamon County Regional Office of Education #51's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sangamon County Regional Office of Education #51's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 12-01 and 12-02 in the accompanying Schedule of Findings and Responses to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sangamon County Regional Office of Education #51's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Regional Office of Education #51 in a separate letter dated January 24, 2013.

The Regional Office of Education #51's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Regional Office of Education #51's responses, 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, and Illinois State Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mattoon, Illinois
January 24, 2013

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 SCHEDULE OF FINDINGS AND RESPONSES
 FOR THE YEAR ENDED JUNE 30, 2012

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies)?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
● Material weakness(es) identified?	N/A
● Significant deficiency(ies)?	N/A
Type of auditor’s report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	N/A
Identification of major programs:	
CFDA Number(s)	Name of Federal Program or Cluster
N/A	N/A
Dollar threshold used to distinguish between Type A and Type B programs:	N/A
Auditee qualified as a low-risk auditee?	N/A

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 12-01 – Controls Over Financial Statement Preparation (Repeated from Finding 11-01, 10-01, 09-01, 08-01 & 07-01)

Criteria/specific requirement:

The Regional Office of Education #51 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's 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 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 #51 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its 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 financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, no entries were provided to reconcile the Regional Office of Education #51's grant activity, such as posting grant receivables and deferred revenue.

Effect:

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

Cause:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 12-01 – Controls Over Financial Statement Preparation (Repeated from Finding 11-01, 10-01, 09-01, 08-01 & 07-01) (Concluded)

Auditor’s Recommendation:

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #51 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education’s activities and operations.

Management’s Response:

The Regional Office understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office of Education staff has a reasonable understanding of the financial statements and can determine that the information in the financial statements is accurate, however, they lack the ability to prepare the notes to the financial statements. The recommendation that “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’s activities and operations,” has been noted by this office. The Regional Office of Education #51 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that employees possess the knowledge required to compile the necessary GAAP based financial statements.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 12-02 – Uncollateralized Deposits

Criteria/specific requirement:

The Regional Office's investment policy indicates that it follows the Illinois Public Funds Investment Act (30 ILCS 235/1 et. seq.) (Act). The Act gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #51's name. In addition, prudent business practice requires that all cash and investments held by the financial institutions for the Regional Office be adequately covered by depository insurance or collateral.

Condition:

The Regional Office of Education #51 did not obtain sufficient collateral for its interest bearing deposits at one of the financial institutions utilized by the Regional Office. As of June 30, 2012, the Regional Office's interest bearing deposits exceeded the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC) by \$1,054,778. As of June 30, 2012, the FDIC insured unlimited amounts of deposit in non-interest bearing demand deposit accounts and up to \$250,000 of interest bearing accounts.

Effect:

Failure to secure full collateral on cash and investment balances may result in monetary losses to the Regional Office in the event the financial institution failed.

Cause:

Due to employee leave of absence during the year, collateralization of deposits in excess of FDIC insurance was overlooked by the Regional Office when changing financial institutions for its operating account.

Auditor's Recommendation:

The Regional Office of Education #51 should follow its investment policy and obtain pledged collateral for all its deposits exceeding FDIC insurance coverage from the financial institutions utilized by the Regional Office.

Management's Response:

The Regional Office is in discussion with the financial institution to obtain collateral for all deposits exceeding FDIC insurance coverage.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2012

Corrective Action Plan

Finding No. 12-01 – Controls Over Financial Statement Preparation (Repeated from Finding 11-01, 10-01, 09-01, 08-01 & 07-01)

Condition:

The Regional Office of Education #51 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 financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, no entries were provided to reconcile the Regional Office of Education #51's grant activity, such as posting grant receivables and deferred revenue.

Plan:

The Regional Office understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office of Education staff has a reasonable understanding of the financial statements and can determine that the information in the financial statements is accurate, however, lacks the ability to prepare the notes to the financial statements. The recommendation that "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's activities and operations," has been noted by this office. The Regional Office of Education #51 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that our employees possess the knowledge required to compile the necessary GAAP based financial statements.

Anticipated Date of Completion:

Not Applicable

Contact Person Responsible for Corrective Action:

Honorable Jeff Vose, Regional Superintendent of Schools

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2012

Corrective Action Plan

Finding No. 12-02 – Uncollateralized Deposits

Condition:

The Regional Office of Education #51 did not obtain sufficient collateral for its interest bearing deposits at one of the financial institutions utilized by the Regional Office. As of June 30, 2012, the Regional Office's interest bearing deposits exceeded the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC) by \$1,054,778. As of June 30, 2012, the FDIC insured unlimited amounts of deposit in non-interest bearing demand deposit accounts and up to \$250,000 of interest bearing accounts.

Plan:

The Regional Office is in discussion with the financial institution to obtain collateral for all deposits exceeding FDIC insurance coverage.

Anticipated Date of Completion:

June 30, 2013

Contact Person Responsible for Corrective Action:

Honorable Jeff Vose, Regional Superintendent of Schools

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
11-01	Controls Over Financial Statement Preparation	Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

The Sangamon County Regional Office of Education #51 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

This report will include past year financial activity, along with fiscal year 2012 activity, making comparisons of the financial position and results of operations more meaningful.

Financial Highlights

- General Fund revenues decreased slightly from \$1,178,981 in fiscal year 2011 to \$1,131,384 in fiscal year 2012, while the expenditures increased slightly from \$1,262,727 in fiscal year 2011 to \$1,281,769 in fiscal year 2012. The Regional Office experienced a decrease in the General Fund fund balance from \$995,271 in fiscal year 2011 to \$931,345 in fiscal year 2012. This was a result of decreased revenues and increased expenses in General State Aid.
- The Education Fund balance increased from \$(4,203) in fiscal year 2011 to \$(1,705) in fiscal year 2012. Education Fund revenues decreased from \$1,841,645 in fiscal year 2011 to \$944,268 in fiscal year 2012, and expenditures decreased from \$1,314,057 in fiscal year 2011 to \$937,552 in fiscal year 2012 primarily due to a decline in federal sources.
- Proprietary Fund revenues increased from \$73,019 in fiscal year 2011 to \$102,029 in fiscal year 2012, while the expenditures also increased from \$56,265 in fiscal year 2011 to 73,417 in fiscal year 2012. The Regional Office experienced an increase in the Proprietary Fund fund balance from \$19,258 in fiscal year 2011 to \$47,897 in fiscal year 2012. This was a result of the increase in the number of workshops offered and the number of background checks completed.

Using This Annual Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office as a whole and present an overall view of the Regional Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with a comparison of the Regional Office's detailed information for each category of funds and also provides detailed information about the non-major funds.

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Reporting the Agency as a Whole

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Regional Office as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Regional Office's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Regional Office's net assets and how they have changed. Net assets—the difference between the assets and liabilities—are one way to measure the Regional Office's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional nonfinancial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office established other funds to control and manage money for particular purposes.

The Regional Office has three types of fund classifications:

- 1) Governmental funds account for a majority of the Regional Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Regional Office's programs. The Regional Office's governmental funds include: the General Fund and the Special Revenue Funds.

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

- 2) Proprietary funds account for services for which the Regional Office charges fees under a cost-reimbursement method. These fees cover the costs of certain services and workshops it provides.

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

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Reporting the Agency as a Whole (Concluded)

- 3) Fiduciary funds account for services for which the Regional Office acts as fiscal agent for individuals and private or governmental organizations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Assets.

A summary reconciliation between the government-wide financial statements and the fund financial statements is included in the basic financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Regional Office's net assets at the end of fiscal year 2011 totaled \$1,321,606. At the end of fiscal year 2012, the net assets were \$1,227,997. The analysis that follows provides a summary of the Regional Office's net assets at June 30, 2012 and 2011.

**CONDENSED STATEMENT OF NET ASSETS
June 30, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
ASSETS						
Current assets	\$1,370,510	\$ 1,503,621	\$ 51,184	\$ 13,805	\$1,421,694	\$ 1,517,426
Capital assets, net of depreciation	<u>7,554</u>	<u>8,635</u>	<u>5,384</u>	<u>7,767</u>	<u>12,938</u>	<u>16,402</u>
TOTAL ASSETS	<u>\$ 1,378,064</u>	<u>\$ 1,512,256</u>	<u>\$ 56,568</u>	<u>\$ 21,572</u>	<u>\$ 1,434,632</u>	<u>\$ 1,533,828</u>
LIABILITIES						
Current liabilities	\$ 197,964	\$ 209,908	\$ 8,671	\$ 2,314	\$ 206,635	\$ 212,222
TOTAL LIABILITIES	<u>197,964</u>	<u>209,908</u>	<u>8,671</u>	<u>2,314</u>	<u>206,635</u>	<u>212,222</u>
NET ASSETS						
Investments in capital assets, net of related debt	7,554	8,635	5,384	7,767	12,938	16,402
Unrestricted	909,959	1,003,798	42,513	11,491	952,472	1,015,289
Restricted for educational purposes	<u>262,587</u>	<u>289,915</u>	<u>-</u>	<u>-</u>	<u>262,587</u>	<u>289,915</u>
TOTAL NET ASSETS	<u>\$ 1,180,100</u>	<u>\$ 1,302,348</u>	<u>\$ 47,897</u>	<u>\$ 19,258</u>	<u>\$ 1,227,997</u>	<u>\$ 1,321,606</u>

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Government-Wide Financial Analysis (Continued)

The Regional Office's net assets decreased by \$93,609 from fiscal year 2011 to fiscal year 2012.

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

**CHANGES IN NET ASSETS
For the Years Ended June 30, 2012 and 2011**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 102,029	\$ 73,019	\$ 102,029	\$ 73,019
Operating grants & contributions	1,176,322	1,305,878	-	-	1,176,322	1,305,878
General Revenues:						
Transfers in (out)	(27)	-	27	-	-	-
Local sources	978,456	1,020,666	-	-	978,456	1,020,636
State sources	147,655	394,628	-	-	147,655	394,658
Federal sources	-	-	-	-	-	-
On-behalf payments	582,595	585,390	-	-	582,595	585,390
Investment income	8,288	2,377	-	-	8,288	2,377
Total revenues	<u>2,893,289</u>	<u>3,308,939</u>	<u>102,056</u>	<u>73,019</u>	<u>2,995,345</u>	<u>3,381,958</u>
Expenses:						
Salaries and benefits	1,633,018	1,497,827	31,701	17,437	1,664,719	1,515,264
Purchased services	612,364	1,006,299	38,220	32,073	650,584	1,038,372
Supplies and materials	126,953	161,819	353	52	127,306	161,871
Depreciation	4,995	5,770	2,383	2,383	7,378	8,153
Other objects	39,560	3,463	760	4,320	40,320	7,783
Payments to other governments	10,475	-	-	-	10,475	-
On-behalf payments	<u>582,595</u>	<u>585,390</u>	<u>-</u>	<u>-</u>	<u>582,595</u>	<u>585,390</u>
Total expenses	<u>3,009,960</u>	<u>3,260,568</u>	<u>73,417</u>	<u>56,265</u>	<u>3,083,377</u>	<u>3,316,833</u>
Change in net assets	<u>(116,671)</u>	<u>48,371</u>	<u>28,639</u>	<u>16,754</u>	<u>(88,032)</u>	<u>65,125</u>
Net Assets – beginning	<u>1,296,771</u>	<u>1,253,977</u>	<u>19,258</u>	<u>2,504</u>	<u>1,316,029</u>	<u>1,256,481</u>
Net Assets – ending	<u>\$ 1,180,100</u>	<u>\$ 1,302,348</u>	<u>\$ 47,897</u>	<u>\$ 19,258</u>	<u>\$ 1,227,997</u>	<u>\$ 1,321,606</u>

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Government-Wide Financial Analysis (Concluded)

Governmental Activities

Revenues for governmental activities were \$2,893,289 and expenses were \$3,009,960. The decrease in revenues and expenses is due to across the board reductions in operating grants and local and state revenue sources.

Financial Analysis of the Regional Office Funds

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$1,172,546.

Governmental Fund Highlights

- County support for the Regional Office remained level from 2011 to 2012.
- Although grant funding decreased due to budget constraints, the Regional Office was successful in obtaining continued funding for the Truants Alternative and Optional Education and the Regional Safe Schools Programs.
- The State of Illinois financial deficit continues to reflect negatively in the ability of the Regional Office to obtain grants necessary for stable or continued growth; however, the Regional Office continues to cooperate with the Illinois State Board of Education and other agencies to procure funding for education programs.

Proprietary Fund Highlights

Revenues for the Regional Office's business-type activities and expenses combined for a total net asset balance of \$47,897. The Regional Office is committed to providing quality professional development opportunities for Sangamon County teachers, at a reasonable cost, while maintaining the integrity of the fund. The SDC Workshop Fund is designed to be self-supporting by setting fee schedules that will support expenses incurred to provide professional development workshops for area teachers. Fees will be adjusted from year to year to parallel fund activity. The Regional Office also continues to provide background checks/fingerprinting services for new hires and all substitute teachers in the County schools. This activity is recorded in the Background Check Fund.

Budgetary Highlights

The Regional Office annually adopts budgets for several funds when required by the granting agency. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board members for their approval. The Sangamon County Office Operations Budget covers a fiscal year of December 1 through November 30. All grant budgets are prepared by the Regional Office and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Regional Office's actual financial activity are included in the supplementary information of this report.

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Capital Assets

Capital assets of the Regional Office include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. The Regional Office's ending net capital asset balance for fiscal year 2012 is \$12,938, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note 9 to the financial statements.

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation level used in the calculation of general state aid remains at \$6,119 per student for fiscal year 2012, which is payable in fiscal year 2013 but actual funding is expected to be reduced across the board due to an 11% appropriation reduction.
- The interest rate on investments remains low and will continue to impact interest earned but the Regional Office increased investment return by changing banking institutions.
- Several grants have remained near or at previous funding levels, including the School Services funding, which provides professional development opportunities to Sangamon County teachers.
- The State of Illinois financial crisis results in cuts to State programs and significant delays in payments.
- County Board support of the Regional Office will remain consistent for fiscal year 2013.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Sangamon County Regional Office of Education #51, at 200 South 9th St., Room 303, Springfield, IL 62701.

BASIC FINANCIAL STATEMENTS

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,180,564	\$ 48,240	\$ 1,228,804
Due from other governments:			
Local	98,397	2,944	101,341
State	61,919	-	61,919
Federal	29,630	-	29,630
Total Current Assets	<u>1,370,510</u>	<u>51,184</u>	<u>1,421,694</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	7,554	5,384	12,938
Total Noncurrent Assets	<u>7,554</u>	<u>5,384</u>	<u>12,938</u>
TOTAL ASSETS	<u>1,378,064</u>	<u>56,568</u>	<u>1,434,632</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	23,192	1,922	25,114
Accrued payroll and benefits	87,079	-	87,079
Deferred revenue	87,693	6,749	94,442
Total Current Liabilities	<u>197,964</u>	<u>8,671</u>	<u>206,635</u>
NET ASSETS			
Invested in capital assets	7,554	5,384	12,938
Restricted for educational purposes	262,587	-	262,587
Unrestricted	909,959	42,513	952,472
TOTAL NET ASSETS	<u>\$ 1,180,100</u>	<u>\$ 47,897</u>	<u>\$ 1,227,997</u>

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 1,633,018	\$ -	\$ 863,347	\$ (769,671)	\$ -	\$ (769,671)
Purchased services	612,364	-	240,862	(371,502)	-	(371,502)
Supplies and materials	126,953	-	68,199	(58,754)	-	(58,754)
Other objects	39,560	-	-	(39,560)	-	(39,560)
Depreciation expense	4,995	-	-	(4,995)	-	(4,995)
Capital outlay	-	-	3,914	3,914	-	3,914
Payments to other governments	10,475	-	-	(10,475)	-	(10,475)
Administrative:						
On-behalf payments - Local	207,261	-	-	(207,261)	-	(207,261)
On-behalf payments - State	375,334	-	-	(375,334)	-	(375,334)
Total Governmental Activities	<u>3,009,960</u>	<u>-</u>	<u>1,176,322</u>	<u>(1,833,638)</u>	<u>-</u>	<u>(1,833,638)</u>
Business-Type Activities:						
Service fees	73,417	102,029	-	-	28,612	28,612
Total Business-Type Activities	<u>73,417</u>	<u>102,029</u>	<u>-</u>	<u>-</u>	<u>28,612</u>	<u>28,612</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,083,377</u>	<u>\$ 102,029</u>	<u>\$ 1,176,322</u>	<u>(1,833,638)</u>	<u>28,612</u>	<u>(1,805,026)</u>
GENERAL REVENUES:						
Local sources				978,456	-	978,456
State sources				147,655	-	147,655
On-behalf payments - Local				207,261	-	207,261
On-behalf payments - State				375,334	-	375,334
Transfers in (out)				(27)	27	-
Investment earnings				8,288	-	8,288
Total General Revenues				<u>1,716,967</u>	<u>27</u>	<u>1,716,994</u>
CHANGE IN NET ASSETS				(116,671)	28,639	(88,032)
NET ASSETS - BEGINNING, RESTATED				<u>1,296,771</u>	<u>19,258</u>	<u>1,316,029</u>
NET ASSETS - ENDING				<u>\$ 1,180,100</u>	<u>\$ 47,897</u>	<u>\$ 1,227,997</u>

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Institute	Education Fund	Cook County General Education Development	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 825,363	\$ 244,576	\$ 101,170	\$ -	\$ 9,455	\$ -	\$ 1,180,564
Due from other funds	135,013	-	-	-	-	(135,013)	-
Due from other governments:							
Local	26,584	-	14,313	57,500	-	-	98,397
State	-	-	61,919	-	-	-	61,919
Federal	-	-	29,630	-	-	-	29,630
TOTAL ASSETS	\$ 986,960	\$ 244,576	\$ 207,032	\$ 57,500	\$ 9,455	\$ (135,013)	\$ 1,370,510
LIABILITIES							
Accounts payable	\$ 62	\$ 5,345	\$ 1,676	\$ 16,109	\$ -	\$ -	\$ 23,192
Accrued payroll and benefits	55,553	-	31,526	-	-	-	87,079
Due to other funds	-	-	87,842	27,490	19,681	(135,013)	-
Deferred revenue	-	-	87,693	-	-	-	87,693
Total Liabilities	55,615	5,345	208,737	43,599	19,681	(135,013)	197,964
FUND BALANCE (DEFICIT)							
Restricted	-	239,231	-	13,901	9,455	-	262,587
Assigned	601,834	-	-	-	-	-	601,834
Unassigned	329,511	-	(1,705)	-	(19,681)	-	308,125
Total Fund Balance	931,345	239,231	(1,705)	13,901	(10,226)	-	1,172,546
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 986,960	\$ 244,576	\$ 207,032	\$ 57,500	\$ 9,455	\$ (135,013)	\$ 1,370,510

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2012

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 1,172,546

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. 7,554

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,180,100

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Institute	Education Fund	Cook County General Education Development	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES							
Local sources	\$ 72,501	\$ 76,684	\$ 66,304	\$ 736,888	\$ 26,079	\$ -	\$ 978,456
On-behalf payments - Local	207,261	-	-	-	-	-	207,261
State sources	476,288	-	707,158	-	1,440	-	1,184,886
On-behalf payments - State	375,334	-	-	-	-	-	375,334
Federal sources	-	-	170,806	-	-	-	170,806
Total Revenues	1,131,384	76,684	944,268	736,888	27,519	-	2,916,743
EXPENDITURES							
Instructional Services:							
Salaries and benefits	520,491	8,638	762,362	306,424	35,103	-	1,633,018
Purchased services	168,376	60,785	130,974	242,508	9,721	-	612,364
Supplies and materials	9,044	-	28,841	83,668	5,400	-	126,953
Other objects	349	-	1,900	37,311	-	-	39,560
Payments to other governments	-	-	10,475	-	-	-	10,475
On-behalf payments - Local	207,261	-	-	-	-	-	207,261
On-behalf payments - State	375,334	-	-	-	-	-	375,334
Capital outlay	914	-	3,000	-	-	-	3,914
Total Expenditures	1,281,769	69,423	937,552	669,911	50,224	-	3,008,879
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(150,385)	7,261	6,716	66,977	(22,705)	-	(92,136)
OTHER FINANCING SOURCES (USES):							
Transfers in	116,819	-	25,292	-	4,759	(146,870)	-
Transfers out	(31,023)	-	(30,019)	(85,855)	-	146,870	(27)
Interest	6,240	1,539	509	-	-	-	8,288
Total Other Financing Sources (Uses)	92,036	1,539	(4,218)	(85,855)	4,759	-	8,261
NET CHANGE IN FUND BALANCE	(58,349)	8,800	2,498	(18,878)	(17,946)	-	(83,875)
FUND BALANCE (DEFICIT) - BEGINNING, RESTATE	989,694	230,431	(4,203)	32,779	7,720	-	1,256,421
FUND BALANCE (DEFICIT) - ENDING	\$ 931,345	\$ 239,231	\$ (1,705)	\$ 13,901	\$ (10,226)	\$ -	\$ 1,172,546

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

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ (83,875)

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 is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 3,914	
Depreciation expense	<u>(4,995)</u>	(1,081)

Some revenues will not be collected for several months after the Regional Office's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

FY11 deferred revenue recognized in FY12	<u>(31,715)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (116,671)

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Total
	ASSETS	
Current assets:		
Cash and cash equivalents	\$ 48,240	\$ 48,240
Due from other governments:		
Local	2,944	2,944
Total current assets	51,184	51,184
Noncurrent assets:		
Capital assets, being depreciated, net	5,384	5,384
Total noncurrent assets	5,384	5,384
TOTAL ASSETS	56,568	56,568
LIABILITIES		
Accounts payable	1,922	1,922
Deferred revenue	6,749	6,749
TOTAL LIABILITIES	8,671	8,671
NET ASSETS		
Invested in capital assets	5,384	5,384
Unrestricted	42,513	42,513
TOTAL NET ASSETS	\$ 47,897	\$ 47,897

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Total
OPERATING REVENUES		
Charges for services	\$ 102,029	\$ 102,029
Total Operating Revenues	102,029	102,029
OPERATING EXPENSES		
Salaries and benefits	31,701	31,701
Purchased services	38,220	38,220
Supplies and materials	353	353
Other objects	760	760
Depreciation expense	2,383	2,383
Total Operating Expenses	73,417	73,417
OPERATING INCOME	28,612	28,612
NONOPERATING REVENUE (EXPENSE)		
Transfers out	(249)	(249)
Transfers in	276	276
Total Nonoperating Revenue (Expense)	27	27
CHANGE IN NET ASSETS	28,639	28,639
TOTAL NET ASSETS - BEGINNING	19,258	19,258
TOTAL NET ASSETS - ENDING	\$ 47,897	\$ 47,897

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Totals
Cash flows from operating activities:		
Receipts from customers	\$ 105,834	\$ 105,834
Payments to suppliers and providers of goods and services	(39,725)	(39,725)
Payments to employees	(31,701)	(31,701)
Net cash provided by operating activities	34,408	34,408
Cash flows from noncapital financing activities:		
Cash transfers from other funds	27	27
Decrease in interfund borrowing, net	(2,891)	(2,891)
Net cash used for noncapital financing activities	(2,864)	(2,864)
Net increase in cash and cash equivalents	31,544	31,544
Cash and cash equivalents - Beginning	16,696	16,696
Cash and cash equivalents - Ending	\$ 48,240	\$ 48,240
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 28,612	\$ 28,612
Adjustments to reconcile operating income to net cash provided by operating activities:		
Increase in due from other governments	(2,944)	(2,944)
Depreciation expense	2,383	2,383
Decrease in accounts payable	(392)	(392)
Increase in deferred revenue	6,749	6,749
Net cash provided by operating activities	\$ 34,408	\$ 34,408

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 108,131
Due from other governments	3,750
TOTAL ASSETS	\$ 111,881
LIABILITIES	
Due to other governments	\$ 111,881
TOTAL LIABILITIES	\$ 111,881

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sangamon County Regional Office of Education #51 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2012, the Regional Office of Education #51 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*; and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The Regional Office of Education #51 implemented these standards during the current year; however, GASB Statement No. 64 had no impact on the financial statements. The implementation of GASB Statement No. 57 amends GASB Statement No. 45, permitting an agent employer with an OPEB plan with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through January 24, 2013, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #51’s districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; to investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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

For the period ended June 30, 2012, the Regional Office of Education #51 applied for, received, and administered numerous state and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #51. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #51's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #51 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #51 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #51 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #51 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #51 being considered a component unit of the entity.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #51's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by state and federal grants and other intergovernmental revenues. The Regional Office of Education has two business-type activities that rely on fees and charges for support.

The Regional Office of Education #51's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #51 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #51's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services, and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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 are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent shortfalls in cash flow within grant programs and funds.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses, and other long-term obligations, which are recognized when paid.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental fund financial statements focus on the measurement of spending, or “financial flow,” and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #51; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenue at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Under the terms of grant agreements, Sangamon County Regional Office of Education #51 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #51’s policy to first apply restricted funds to such programs, then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #51 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #51 uses governmental, proprietary, and fiduciary funds.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #51 has presented all major funds that met the above qualifications.

The Regional Office of Education #51 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education #51. It is used to account for all financial resources in the Region except those required to be accounted and reported for in other funds. General Funds include the following:

Local – These funds are generated through interest and fees earned for providing various administrative functions for entities including the Illinois State Board of Education, the Technology Conference and Illinois Special Education Administrators and are used to assist in providing for the needs of the Staff Development Center (SDC) not funded through State or county dollars.

Administrative Discretionary – These funds are generated through interest and fees earned for providing various administrative functions for entities including the Illinois State Board of Education, the Technology Conference and Illinois Special Education Administrators and are used to assist in providing for the needs of the Regional Office not funded through State or county dollars.

Continuum of Learning – The Regional Office of Education has contracted with Springfield Community Federation in an effort to ascertain how many children are entering the public school system. This information will then be used to help individuals determine donation arrangements.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

General State Aid – Truants Alternative Optional Education Program – This fund accounts for General State Aid used for the general operations of the Truants Alternative Optional Education Program.

General State Aid – Regional Safe Schools – This fund accounts for General State Aid used for the general operations of the Regional Safe Schools program.

General Education Development (GED) Holistic Scoring – The Regional Office provides scoring services for the written essay portion of the GED tests.

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

Institute Fund – The Teacher Institute Fund accounts for teacher registration fees. 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 teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

Cook County General Education Development (GED) – The Regional Office acts as the fiscal agent for the General Education Development testing program for the Cook County area. The Regional Office maintains an office and support staff in the Cook County area.

Education Fund – This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

Regional Safe Schools – This program provides activities for disruptive students who are eligible for suspension or expulsion. The activities provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Area III – Homeless Liaison Project – This grant provides funds for providing information to schools, community members, and government entities about the educational rights of homeless students.

Sangamon County Truants Alternative Optional Education Program (TAOEP) – This program is devoted to ensuring that each referred at-risk student will be provided with individualized educational and supplemental services that meet the holistic needs of the student in the pursuit of their educational development. TAOEP offerings include: identification of at-risk students and dropouts, truancy intervention services, academic intervention and remediation, parental skills development, and network with community agencies and businesses.

Best Foot Forward – This program represents a vendor relationship with the Illinois Department of Child and Family Services to advocate for all community members education by providing positive leadership performing regulatory functions, coordinating and delivering state and local services, and disseminating information for educators, school districts, and the community.

Illinois Department of Public Health (IDPH) Dental Sealant – This program, funded by the Illinois Department of Public Health grant, provides funding to assist in providing a tooth sealant program for low-income students in Sangamon County.

State and Federal School Breakfast and Lunch – This program is designed to provide breakfast and lunch free or at reduced prices to eligible students, as determined in accordance with federal and state guidelines, as a healthy start to the school day to enhance the student's learning abilities. All meals provided must meet U.S. Department of Agriculture requirements for servings and nutrition.

System of Support – This program provides professional development activities to schools that are on Illinois's Academic Watch List. To be on the list, students have not made adequate yearly progress for at least two years. The funding sources for this grant are Title I, Title II, and State appropriated monies.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

New Principal Mentoring – This program provides for the selection and training of experienced principals to serve as mentors for new principals and for the new principals' participation in the mentoring program designed for them. Funds flow through the Illinois Principals Association from the Illinois State Board of Education.

Miscellaneous Federal Programs (Title II – Teacher Quality and Title IV – Safe and Drug Free Schools) – These programs account for the proceeds of a federal grant passed through the Illinois State Board of Education to provide alcohol and drug education and to improve teacher effectiveness in the classroom.

Learn and Serve America – These funds are awarded to support service-learning programs specifically for at-risk populations of suspended or expelled students participating in the Regional Safe Schools Program.

ISBE Initiatives – The Regional Office of Education contracts with ISBE to provide staff support for Statewide education initiatives supported by the Illinois Mathematics and Science Partnership Program and Enhancing Education Through Technology program as well as other ISBE initiatives.

Reading Initiative – This fund provides for consultant support for initiatives necessitated by the ARRA and the No Child Left Behind Act. The consultants read and evaluate the quality of NCLB and ARRA applications for approval or create review checklist(s) for needed initial application and amendments; provide technical assistance to Illinois schools through written and verbal communication relating to NCLB and ARRA applications; enforce Title I and state accountability requirements and review federal and state fiscal and programmatic documentation to determine implications for schools and districts.

ROE/ISC Operations – These funds are provided by the Illinois State Board of Education through a budget application process to Regional Offices to provide staff development to district schools and teachers. The SDC offers Administrator Academy activities, School Improvement initiatives, and staff development opportunities in the areas of reading, math, science, and technology. Monies are used for overhead costs and salaries of employees at the Staff Development Center.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

The Regional Office of Education #51 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

General Education Development (GED) Certificate – Illinois law requires the Regional Superintendent of Schools of each county/counties to administer the GED test. The GED tests are given at Lanphier High School once a month. Testing fees provide for testing materials and staff salaries.

Bus Driver Training – Experienced drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid, prescribed by the Illinois State Board of Education and administered by the Regional Office.

Supervisory Expenses – This fund was developed by the General Assembly to help support the day-to-day activities of the Regional Superintendent.

PROPRIETARY FUNDS

Proprietary Funds – The Proprietary Funds account for revenues and expenses related to services provided to organizations inside the region on a cost-reimbursement basis. The Regional Office of Education #51 reports the following proprietary funds:

SDC Workshop Fund – This fund is an enterprise fund established to track revenues received and expenses incurred in offering professional development workshops for teachers and administrators in Sangamon County.

Background Checks – The Regional Office of Education provides background checks/fingerprinting to all schools in Sangamon County for new hires. The schools send requests to the Regional Office of Education, who forwards background check information to the Illinois State Police database. The fee for the background check and/or fingerprinting is paid by each school district.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS

Agency Funds – Agency Funds are used to account for assets held by the Regional Office of Education #51 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Bilingual Directors Annual Meeting – The Regional Office of Education acts as the fiscal agent for this annual meeting of Bilingual Directors, hosted by ISBE.

Illinois Education and Technology Conference – The Regional Office acts as the fiscal agent for this annual conference, which provides an opportunity to discover how educators can be an active part of the information revolution. Funding is derived from registration fees, vendor fees, and sponsorship fees.

Sangamon County Schoolmasters – The Schoolmasters is an organization of all Sangamon County superintendents and school directors. Membership fees are used to provide meetings and seminars for disseminating current information on administration issues.

Director's Conference – The Regional Office acts as the fiscal agent for the annual Superintendents Conference hosted by the Illinois State Board of Education.

University of Illinois at Springfield (UIS) Roundtable – The Regional Office acts as the treasurer for the UIS Roundtable. This organization of Sangamon County school administrators meets quarterly to discuss administrative issues. Membership fees provide food and workshop materials.

Special Education Non-Public Conference – The Regional Office acts as the fiscal agent for the Annual Conference on Best Practices and Guidelines for Non-Public Special Education Programs hosted by the Illinois State Board of Education.

Sangamon County Learning Academy – This is a self-supporting account that provides services for students at the Sangamon County Learning Academy. Funds are derived from lunch money and registration fees.

Those Who Excel – The ROE acts as the fiscal agent for the annual Teacher of the Year banquet hosted by the Illinois State Board of Education.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – The portion of a governmental fund’s net assets that are not available to be spent, either short term or long term, due to either their form or legal restrictions. The Regional Office of Education #51 has no nonspendable fund balances.

Restricted Fund Balance – The portion of a governmental fund’s net assets that are subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Institute Fund, Cook County General Education Development, Bus Driver Training, and Supervisory Expenses funds.

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. The Regional Office of Education #51 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net assets for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund accounts have assigned fund balances: General State Aid – Truants Alternative Optional Education Program and General State Aid – Regional Safe Schools. The following Education Fund accounts have assigned fund balances: Illinois Department of Public Health Dental Sealant.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances: Local, Administrative Discretionary, Continuum of Learning, and General Education Development Holistic Scoring. The following Education Fund accounts have unassigned fund balances: State and Federal School Breakfast and Lunch. The following Nonmajor Special Revenue Fund has an unassigned fund balance: General Education Development Certificate.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET ASSETS

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

Invested in capital assets – Consists of capital assets, net of accumulated depreciation.

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

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

K. CASH AND CASH EQUIVALENTS

The Sangamon County Regional Office of Education #51’s cash and cash equivalents are considered to be demand deposits and short-term investments (investments with a maturity date of three months or less). All interest income is recognized as revenue in the appropriate fund’s Statement of Revenues, Expenditures, and Changes in Fund Balance.

L. INVENTORY

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

M. ESTIMATES

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

N. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$1,000 or more and estimated useful lives of greater than five years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Office Equipment and Furniture	5-10 years
Computer Equipment	3-10 years
Other Equipment	5-20 years

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. COMPENSATED ABSENCES

Noncertified and certified employees who work 12 calendar months can earn up to 20 vacation days for a full year of service. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Because salaries are grant funded from year to year, all vacation time must be used before the end of the fiscal year. An employee may request that a maximum of five days of unused vacation be carried over to the next fiscal year. The Regional Office did not grant any such requests at June 30, 2012 and 2011, therefore no vacation accruals have been made.

Employees receive up to 12 sick days annually, and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

P. BUDGET INFORMATION

The Regional Office of Education #51 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Safe Schools, Area III – Homeless Liaison Project, Sangamon County Truants Alternative Optional Education Program, System of Support, Learn and Serve America, and ROE/ISC Operations.

NOTE 2 – CASH

The Regional Office of Education #51 does not have a formal investment policy. The Regional Office of Education #51 is allowed to invest in securities as authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7.

A. DEPOSITS

At June 30, 2012, the carrying amount of the Regional Office of Education #51's government-wide and Agency fund deposits were \$1,228,804 and \$108,131, respectively, and the bank balances were \$1,284,799 and \$90,394, respectively. Of the total bank balances as of June 30, 2012, \$309,942 was insured by Federal Depository Insurance Corporation, \$10,473 was invested in the Illinois Funds Money Market Fund, and \$1,054,778 that was uninsured and uncollateralized.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 – CASH (Concluded)

A. DEPOSITS (Concluded)

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education #51's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #51's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #51.

B. INVESTMENTS

The Regional Office of Education #51's investment policy requires that funds should be invested solely in investments authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7. As noted above, the Regional Office of Education #51 had \$10,473 invested in the Illinois Funds Money Market Fund at June 30, 2012.

CREDIT RISK

At June 30, 2012, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

CONCENTRATION OF CREDIT RISK

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio with the exception of cash equivalents and U.S. Treasury securities. Further certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

INTEREST RATE RISK

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Funds states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one year maturity and no investment shall exceed two years maturity.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #51’s defined benefit pension plan for Regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #51’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education #51’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 10.89 percent. The Regional Office of Education #51 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 \$52,746.

Actuarial Valuation Date	THREE-YEAR TREND INFORMATION			Net Pension Obligation
	Annual Pension Cost (APC)	Percentage of APC Contributed		
12/31/11	\$ 52,746	100%		\$ 0
12/31/10	52,541	100%		0
12/31/09	36,737	100%		0

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 the Regional Office of Education #51’s 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. The Regional Office of Education #51’s 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.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 83.94 percent funded. The actuarial accrued liability for benefits was \$892,378 and the actuarial value of assets was \$749,092, resulting in an underfunded actuarial accrued liability (UAAL) of \$143,286. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$484,357 and the ratio of the UAAL to the covered payroll was 30 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 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #51 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The State of Illinois maintains primary responsibility for 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 January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #51’s TRS-covered employees.

- **On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #51. For the year ended June 30, 2012, the State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #51 recognized revenue and expenditures of \$138,761 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 (\$124,746) and 23.38 percent (\$123,506), respectively.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The Regional Office of Education #51 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 ending June 30, 2012, were \$2,117. Contributions for the years ending June 30, 2011, and June 30, 2010, were \$2,137 and \$2,095, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #51, there is a statutory requirement for the Regional Office of Education #51 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 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 pension contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012, no salaries were paid from federal and special trust funds that required employer contributions. For the years ended June 30, 2010 and 2009, required Regional Office of Education #51 contributions were \$1,698 and \$4,724, respectively.

- **Early retirement option.** The Regional Office of Education #51 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

For the year ended June 30, 2012, the Regional Office of Education #51 paid no contributions to TRS for employer contributions under the ERO program. For the years ended, June 30, 2011 and June 30, 2010, the Regional Office of Education #51 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education #51 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Regional Office of Education #51 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 increase of up to 6 percent.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

For the year ended June 30, 2012, the Regional Office of Education #51 paid no contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2011 and 2010, the Regional Office of Education #51 paid \$750 and \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

If the Regional Office of Education #51 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #51 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 year ended June 30, 2012, the Regional Office of Education #51 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2011 and 2010, the Regional Office of Education #51 paid no employer contributions granted for sick leave days.

Further information on TRS. 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, Illinois 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

NOTE 5 – TEACHERS’ HEALTH INSURANCE SYSTEM

The Regional Office of Education #51 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitant may participate in the State-administered participating provider option plan or choose from several managed care options.

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – TEACHERS’ HEALTH INSURANCE SYSTEM (Concluded)

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

On-behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office. 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 \$3,154, and the Regional Office of Education #51 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of Regional Office of Education #51 employees were \$3,242 and 3,034, respectively.

Employer contributions to THIS Fund. The Regional Office of Education #51 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the Regional Office of Education #51 paid \$2,365 to the THIS Fund. For the years ended June 30, 2011 and 2010, the Regional Office paid \$2,431 and \$2,276 to THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on THIS Fund. 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.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE

The Regional Office of Education #51 provides other limited health care insurance coverage for its eligible retired employees. The Governmental Accounting Standards Board (GASB) issued Statements No. 43 and 45 that established generally accepted accounting principles for the annual financial statement for postemployment benefit plans other than pension plans. GASB Statement No. 45 is implemented prospectively. The required information is as follows:

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

Membership in the plan consisted of the following as of:

	<u>June 30, 2011</u>
Retirees and beneficiaries receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	7
Active nonvested plan members	<u>15</u>
Total	<u><u>22</u></u>
Number of participating employers	1

ANNUAL OPEB COST AND NET OPEB OBLIGATION

	<u>June 30, 2011</u>
Annual required contribution	\$ 2,326
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	2,326
Contributions made	<u>-</u>
Increase (decrease) in net OPEB obligation	2,326
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u><u>\$ 2,326</u></u>

The net OPEB obligation of \$2,326 has not been recorded as a liability in the Regional Office of Education #51's accounting records.

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	<u>2,326</u>	<u>0.00%</u>	<u>2,326</u>
6/30/2010			
6/30/2009			

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

ANNUAL REQUIRED CONTRIBUTION

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Service cost	\$ 1,760	\$ 1,806
Amortization	470	409
Interest	<u>112</u>	<u>111</u>
Annual required contribution	<u>\$ 2,342</u>	<u>\$ 2,326</u>

FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

Contribution rates:

Employer	
Plan members	0.00%

Actuarial valuation date 6/30/2011

Actuarial cost method Entry age

Amortization period Level percentage of pay, open

Remaining amortization period 30 years

Asset valuation method Market

Actuarial assumptions:

Investment rate of return* 5.00%

Projected salary increases 5.00%

Healthcare inflation rate 8.00% initial, 6.00% ultimate

Mortality, turnover, disability,
retirement ages Same rates utilized for IMRF

Active utilization rate: 20%

Employer provided benefit Explicit: None
Implicit: 40% of premium to age 65
(50% of \$429/mo + 50% of \$857/mo)

* Includes inflation at 3.00%

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Concluded)

GASB 45 SUMMARY AS OF JUNE 30, 2011

<u>Division</u>	<u>Service Cost</u>	<u>Active Liability</u>	<u>Retired Liability</u>	<u>Total Liability</u>	<u>Annual Required Contribution</u>	<u>Expected Payments</u>	<u>Actives</u>	<u>Retirees</u>	<u>Total</u>
All	1,760	14,102	-	14,102	2,341	-	22	-	22

Discount Rate: 5.0%

Medical Inflation Rate: 8.0% initial, 6.0% ultimate

Future Payroll Increases: 5.0%

NOTE 7 – OPERATING LEASES

The Regional Office of Education #51 leases classroom, office, and laboratory space from the Capital Area Career Center. During fiscal year 2012, the Regional Office had three separate leases for 6,333 square feet, 4,040 square feet, and 2,105 square feet, all leased at \$7.52 per square foot. Additionally, the Regional Office leased office space in Evanston, Illinois, for \$2,243 per month for fiscal year 2012. Rent expense for the year ended June 30, 2012, was \$120,754. The Regional Office also leases a copier over a 60-month term ending May 2016 which requires monthly payments of \$182, a digital imaging system over a 60-month term ending June 2013 which requires monthly payments of \$177, a copier leased month to month, a postage meter leased month to month, and a postage meter leased over a 60-month term ending December 2014 which requires monthly payments of \$60. Total equipment lease expense for the year ended June 30, 2012, was \$5,028. Future minimum rentals are as follows for the years ending June 30:

2013	\$ 5,028
2014	2,904
2015	2,544
2016	<u>2,002</u>
	<u>\$ 12,478</u>

NOTE 8 – RISK MANAGEMENT

The Regional Office of Education #51 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #51 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 9 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #51 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2012:

	Balance 07/01/11	Additions	Disposals	Balance 06/30/12
Governmental Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 75,437	\$ 3,914	\$ -	\$ 79,351
Other Equipment	38,222	-	-	38,222
Total	<u>113,659</u>	<u>3,914</u>	<u>-</u>	<u>117,573</u>
Less Accumulated Depreciation for:				
Computers and Equipment	(67,199)	(4,037)	-	(71,236)
Other Equipment	(37,825)	(958)	-	(38,783)
Total	<u>(105,024)</u>	<u>(4,995)</u>	<u>-</u>	<u>(110,019)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 8,635</u>	<u>\$ (1,081)</u>	<u>\$ -</u>	<u>\$ 7,554</u>
Business-Type Activities				
Capital Assets, Being Depreciated				
Other equipment	\$ 11,912	\$ -	\$ -	\$ 11,912
Less Accumulated Depreciation for:				
Other equipment	(4,145)	(2,383)	-	(6,528)
Business-Type Activities				
Capital Assets, Net	<u>\$ 7,767</u>	<u>\$ (2,383)</u>	<u>\$ -</u>	<u>\$ 5,384</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2012, of \$4,995 and \$2,383 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2012, consist of the following individual due to/from other funds in the governmental fund Balance Sheet and proprietary funds Statement of Net Assets. These balances, except for those activities between governmental funds and business-type funds, were eliminated in the government-wide Statement of Net Assets.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 135,013	\$ -
Education Fund	-	87,842
Cook County General Education Development	-	27,490
Other Special Revenue Funds	-	19,681
	<u>\$ 135,013</u>	<u>\$ 135,013</u>

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2012, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 116,819	\$ 31,023
Education Fund	25,292	30,019
Cook County General Education Development	-	85,855
Other Special Revenue Funds	4,759	-
Proprietary Fund	276	249
	<u>\$ 147,146</u>	<u>\$ 147,146</u>

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 11 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #51:

Regional Superintendent Salary	\$ 104,616
Assistant Regional Superintendent Salary	94,152
Regional Superintendent Benefits (Includes State-paid insurance)	20,465
Assistant Regional Superintendent Benefits (Includes State paid insurance)	14,186
TRS Pension Contribution	138,761
Teachers' Health Insurance Security (THIS) Fund Contribution	<u>3,154</u>
Total	<u>\$ 375,334</u>

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

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

Sangamon County provides the Regional Office with staff and pays certain expenditures on behalf of the Regional Office. The expenditures paid on the Regional Office of Education #51's behalf for the year ended June 30, 2012, were as follows:

Salaries and benefits	\$ 196,311
Purchased services	9,014
Supplies and materials	<u>1,936</u>
Total	<u>\$ 207,261</u>

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

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net assets and funds which over expend appropriations during the year are required to be disclosed.

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Concluded)

The following funds/fund accounts had deficit fund balances at June 30, 2012:

	<u>Amount</u>
<u>Education Fund</u>	
State & Federal School Breakfast and Lunch	\$ 1,827
<u>Nonmajor Special Revenue Fund</u>	
General Education Development Certificate	19,681

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #51’s General Fund, Education Fund, Special Revenue Funds, Proprietary Funds, and Agency Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

<u>General Fund</u>	
Local Governments	\$ 26,584
<u>Education Fund</u>	
Local Governments	14,313
Illinois State Board of Education	61,919
Federal Government	29,630
<u>Special Revenue Funds</u>	
Local Governments	57,500
<u>Proprietary Funds</u>	
Local Governments	2,944
<u>Agency Funds</u>	
Local Governments	<u>3,750</u>
Total	<u>\$ 196,640</u>

Due to Other Governments:

<u>Agency Funds</u>	
Local Governments	<u>\$ 111,881</u>

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 14 – CONSOLIDATED ADMINISTRATIVE FUNDS

The Regional Office consolidates the administrative fees received from functioning as the fiscal administrator for various programs into one fund to pay for the Regional Office’s administrative costs associated with these programs. The following are administrative fees consolidated in the Administrative Discretionary fund:

Cook County General Education Development	\$ 62,300
Reading Initiative	11,900
ISBE Initiatives	6,800
Illinois Education and Technology Conference	3,494
Those Who Excel	1,000
Illinois Transition Planning Institute	500
Special Education Non-Public Conference	500
Total	<u>\$ 86,494</u>

NOTE 15 – RECLASSIFICATION

In prior years, the Those Who Excel fund was reported as a general fund. The fund has not received grant funding from the Illinois State Board of Education in either the current year or prior year. Current year contract language was added to make the Illinois State Board of Education the recipient of the remaining funds. Therefore, this fund has been reclassified as an agency fund for the current year.

Below are the effects of the reclassification of the Those Who Excel fund on the beginning fund balances for the General Fund and Governmental Funds and the beginning Net Assets for Governmental Activities:

General Fund:

Fund Balance - July 1, 2011	\$ 995,271
Effect of reclassifying Those Who Excel	<u>(5,577)</u>
Fund Balance, Restated - July 1, 2011	<u>\$ 989,694</u>

Governmental Funds:

Fund Balance - July 1, 2011	\$ 1,261,998
Effect of reclassifying Those Who Excel	<u>(5,577)</u>
Fund Balance, Restated - July 1, 2011	<u>\$ 1,256,421</u>

Governmental Activities:

Net Assets - July 1, 2011	\$ 1,302,348
Effect of reclassifying Those Who Excel	<u>(5,577)</u>
Net Assets, Restated - July 1, 2011	<u>\$ 1,296,771</u>

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

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2012

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	\$749,092	\$892,378	\$143,286	83.94%	\$484,357	29.58%
12/31/10	704,500	820,373	115,873	85.88%	498,020	23.27%
12/31/09	608,603	721,010	112,407	84.41%	500,506	22.46%

On a market value basis, the actuarial value of assets as of December 31, 2011, is \$722,623.

On a market basis, the funded ratio would be 80.98%.

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 OTHER POST-EMPLOYMENT BENEFITS - HEALTH INSURANCE
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2012

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)
6/30/11	\$ -	\$ 14,102	\$ 14,102	0.00%		
6/30/10						
6/30/09						

OTHER SUPPLEMENTARY INFORMATION

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2012

	Local	Administrative Discretionary	Continuum of Learning	General State Aid - Truants Alternative Optional Education Program	General State Aid - Regional Safe Schools	General Education Development Holistic Scoring	TOTALS
ASSETS							
Cash and cash equivalents	\$ 29,228	\$ 257,610	\$ 4,457	\$ 82,506	\$ 439,868	\$ 11,694	\$ 825,363
Due from other funds	-	-	-	108,674	26,339	-	135,013
Due from other governments							
Local	-	17,374	-	-	-	9,210	26,584
TOTAL ASSETS	\$ 29,228	\$ 274,984	\$ 4,457	\$ 191,180	\$ 466,207	\$ 20,904	\$ 986,960
LIABILITIES							
Accounts payable	\$ -	\$ 62	\$ -	\$ -	\$ -	\$ -	\$ 62
Accrued payroll and benefits	-	-	-	32,941	22,612	-	55,553
Deferred revenue	-	-	-	-	-	-	-
Total Liabilities	-	62	-	32,941	22,612	-	55,615
FUND BALANCE							
Assigned	-	-	-	158,239	443,595	-	601,834
Unassigned	29,228	274,922	4,457	-	-	20,904	329,511
Total Fund Balance	29,228	274,922	4,457	158,239	443,595	20,904	931,345
TOTAL LIABILITIES AND FUND BALANCE	\$ 29,228	\$ 274,984	\$ 4,457	\$ 191,180	\$ 466,207	\$ 20,904	\$ 986,960

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	Local	Administrative Discretionary	Continuum of Learning	General State Aid - Truants Alternative Optional Education Program	General State Aid - Regional Safe Schools	General Education Development Holistic Scoring	TOTALS
REVENUES							
Local sources	\$ 150	\$ 37,527	\$ 7,511	\$ 800	\$ -	\$ 26,513	\$ 72,501
On-behalf payments - Local	207,261	-	-	-	-	-	207,261
State sources	-	7,000	-	295,355	173,933	-	476,288
On-behalf payments - State	375,334	-	-	-	-	-	375,334
Total Revenues	582,745	44,527	7,511	296,155	173,933	26,513	1,131,384
EXPENDITURES							
Salaries and benefits	12,226	81,282	-	236,988	131,950	58,045	520,491
Purchased services	30,698	33,960	1,756	62,851	37,122	1,989	168,376
Supplies and materials	605	5,579	1,298	967	595	-	9,044
Other objects	149	200	-	-	-	-	349
Capital outlay	914	-	-	-	-	-	914
On-behalf payments - Local	207,261	-	-	-	-	-	207,261
On-behalf payments - State	375,334	-	-	-	-	-	375,334
Total Expenditures	627,187	121,021	3,054	300,806	169,667	60,034	1,281,769
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(44,442)	(76,494)	4,457	(4,651)	4,266	(33,521)	(150,385)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	90,723	-	-	-	26,096	116,819
Transfers out	(1,545)	-	-	(24,546)	(4,932)	-	(31,023)
Interest	427	1,287	-	1,574	2,952	-	6,240
Total Other Financing Sources (Uses)	(1,118)	92,010	-	(22,972)	(1,980)	26,096	92,036
NET CHANGE IN FUND BALANCE	(45,560)	15,516	4,457	(27,623)	2,286	(7,425)	(58,349)
FUND BALANCE - BEGINNING, RESTATED	74,788	259,406	-	185,862	441,309	28,329	989,694
FUND BALANCE - ENDING	\$ 29,228	\$ 274,922	\$ 4,457	\$ 158,239	\$ 443,595	\$ 20,904	\$ 931,345

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2012

	Regional Safe Schools	Area III - Homeless Liaison Project	Sangamon County Truants Alternative Optional Education Program	Best Foot Forward	Illinois Department of Public Health Dental Sealant
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments:					
Local	-	-	-	14,313	-
State	27,872	-	33,533	-	514
Federal	-	-	-	-	-
TOTAL ASSETS	\$ 27,872	\$ -	\$ 33,533	\$ 14,313	\$ 514
LIABILITIES					
Accounts payable	\$ 1,533	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	17,365	-	-
Due to other funds	26,339	-	16,168	14,313	392
Deferred revenue	-	-	-	-	-
Total Liabilities	27,872	-	33,533	14,313	392
FUND BALANCE (DEFICIT)					
Assigned	-	-	-	-	122
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	-	122
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 27,872	\$ -	\$ 33,533	\$ 14,313	\$ 514

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2012

	State and Federal School Breakfast and Lunch	System of Support	New Principal Mentoring	Miscellaneous Federal Programs	Learn & Serve America
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 27	1,527
Due from other governments:					
Local	-	-	-	-	-
State	-	-	-	-	-
Federal	309	29,321	-	-	-
TOTAL ASSETS	\$ 309	\$ 29,321	\$ -	\$ 27	\$ 1,527
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 143
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	2,136	28,494	-	-	-
Deferred revenue	-	827	-	27	1,384
Total Liabilities	2,136	29,321	-	27	1,527
FUND BALANCE (DEFICIT)					
Assigned	-	-	-	-	-
Unassigned	(1,827)	-	-	-	-
Total Fund Balance (Deficit)	(1,827)	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 309	\$ 29,321	\$ -	\$ 27	\$ 1,527

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2012

	ISBE Initiatives	Reading Initiative	ROE/ISC Operations	TOTALS
ASSETS				
Cash and cash equivalents	\$ 45,174	\$ 54,407	\$ 35	\$ 101,170
Due from other governments:				
Local	-	-	-	14,313
State	-	-	-	61,919
Federal	-	-	-	29,630
TOTAL ASSETS	\$ 45,174	\$ 54,407	\$ 35	\$ 207,032
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,676
Accrued payroll and benefits	7,191	6,970	-	31,526
Due to other funds	-	-	-	87,842
Deferred revenue	37,983	47,437	35	87,693
Total Liabilities	45,174	54,407	35	208,737
FUND BALANCE (DEFICIT)				
Assigned	-	-	-	122
Unassigned	-	-	-	(1,827)
Total Fund Balance (Deficit)	-	-	-	(1,705)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 45,174	\$ 54,407	\$ 35	\$ 207,032

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	Regional Safe Schools	Area III - Homeless Liaison Project	Sangamon County Truants Alternative Optional Education Program	Best Foot Forward	Illinois Department of Public Health Dental Sealant
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ 66,304	\$ -
State sources	141,690	-	206,760	-	-
Federal sources	295	54,209	372	-	965
Total Revenues	<u>141,985</u>	<u>54,209</u>	<u>207,132</u>	<u>66,304</u>	<u>965</u>
EXPENDITURES					
Salaries and benefits	120,004	46,655	184,308	35,602	2,370
Purchased services	24,824	4,696	17,187	26,985	-
Supplies and materials	1,985	2,858	18,417	3,703	-
Other objects	-	-	1,900	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>146,813</u>	<u>54,209</u>	<u>221,812</u>	<u>66,290</u>	<u>2,370</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,828)</u>	<u>-</u>	<u>(14,680)</u>	<u>14</u>	<u>(1,405)</u>
OTHER FINANCING SOURCES (USES):					
Transfer in	4,828	342	14,680	-	-
Transfer out	-	-	-	(14)	-
Interest	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,828</u>	<u>342</u>	<u>14,680</u>	<u>(14)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	342	-	-	(1,405)
FUND BALANCE (DEFICIT) - BEGINNING	-	(342)	-	-	1,527
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	State and Federal School Breakfast and Lunch	System of Support	New Principal Mentoring	Miscellaneous Federal Programs	Learn & Serve America
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	1,454	-	-	-	-
Federal sources	31,054	72,763	-	44	11,104
Total Revenues	32,508	72,763	-	44	11,104
EXPENDITURES					
Salaries and benefits	-	67,258	-	-	1,013
Purchased services	28,311	4,496	-	-	1,363
Supplies and materials	-	703	-	44	888
Other objects	-	-	-	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	10,475
Total Expenditures	28,311	72,457	-	44	13,739
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,197	306	-	-	(2,635)
OTHER FINANCING SOURCES (USES):					
Transfer in	2,819	-	-	-	2,623
Transfer out	-	(369)	(10,812)	-	-
Interest	-	63	-	-	12
Total Other Financing Sources (Uses)	2,819	(306)	(10,812)	-	2,635
NET CHANGE IN FUND BALANCE	7,016	-	(10,812)	-	-
FUND BALANCE (DEFICIT) - BEGINNING	(8,843)	-	10,812	-	-
FUND BALANCE (DEFICIT) - ENDING	\$ (1,827)	\$ -	\$ -	\$ -	\$ -

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	ISBE Initiatives	Reading Initiative	ROE/ISC Operations	TOTALS
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ 66,304
State sources	142,562	170,409	44,283	707,158
Federal sources	-	-	-	170,806
Total Revenues	<u>142,562</u>	<u>170,409</u>	<u>44,283</u>	<u>944,268</u>
EXPENDITURES				
Salaries and benefits	127,488	150,324	27,340	762,362
Purchased services	8,560	8,192	6,360	130,974
Supplies and materials	-	-	243	28,841
Other objects	-	-	-	1,900
Capital outlay	-	-	3,000	3,000
Payments to other governments	-	-	-	10,475
Total Expenditures	<u>136,048</u>	<u>158,516</u>	<u>36,943</u>	<u>937,552</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,514</u>	<u>11,893</u>	<u>7,340</u>	<u>6,716</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	25,292
Transfer out	(6,924)	(11,900)	-	(30,019)
Interest	410	7	17	509
Total Other Financing Sources (Uses)	<u>(6,514)</u>	<u>(11,893)</u>	<u>17</u>	<u>(4,218)</u>
NET CHANGE IN FUND BALANCE	-	-	7,357	2,498
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(7,357)</u>	<u>(4,203)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,705)</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011, to June 30, 2012)
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 141,690	\$ 141,690	\$ 141,690
Federal	-	-	295
Total Revenue	<u>141,690</u>	<u>141,690</u>	<u>141,985</u>
EXPENDITURES			
Salaries and benefits	116,260	116,260	120,004
Purchased services	21,630	21,630	24,824
Supplies and materials	968	968	1,985
Payments to other governments	2,832	2,832	-
Total Expenditures	<u>141,690</u>	<u>141,690</u>	<u>146,813</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(4,828)</u>
OTHER FINANCING SOURCES:			
Transfers in	-	-	4,828
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>4,828</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011, to September 30, 2012)
EDUCATION FUND ACCOUNT
AREA III - HOMELESS LIAISON PROJECT
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 54,209	\$ 55,709	\$ 54,209
Total Revenue	<u>54,209</u>	<u>55,709</u>	<u>54,209</u>
EXPENDITURES			
Salaries and benefits	48,685	48,685	46,655
Purchased services	4,082	3,832	4,696
Supplies and materials	1,442	3,192	2,858
Total Expenditures	<u>54,209</u>	<u>55,709</u>	<u>54,209</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES:			
Transfers in	-	-	342
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>342</u>
NET CHANGE IN FUND BALANCE	-	-	342
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(342)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2011, to June 30, 2012)
 EDUCATION FUND ACCOUNT

SANGAMON COUNTY TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 212,160	\$ 212,160	\$ 206,760
Federal	-	-	372
Total Revenue	<u>212,160</u>	<u>212,160</u>	<u>207,132</u>
EXPENDITURES			
Salaries and benefits	175,979	175,979	184,308
Purchased services	17,150	17,329	17,187
Supplies and materials	19,031	18,852	18,417
Other objects	-	-	1,900
Total Expenditures	<u>212,160</u>	<u>212,160</u>	<u>221,812</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(14,680)</u>
OTHER FINANCING SOURCES:			
Transfers in	-	-	14,680
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>14,680</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011, to August 31, 2012)
EDUCATION FUND ACCOUNT
SYSTEM OF SUPPORT
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 103,000	\$ 103,000	\$ 72,763
Total Revenue	<u>103,000</u>	<u>103,000</u>	<u>72,763</u>
EXPENDITURES			
Salaries and benefits	103,000	103,000	67,258
Purchased services	-	-	4,496
Supplies and materials	-	-	703
Total Expenditures	<u>103,000</u>	<u>103,000</u>	<u>72,457</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>306</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	-	-	(369)
Interest	-	-	63
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(306)</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
(For the Period of December 1, 2011, to August 31, 2012)
EDUCATION FUND ACCOUNT
LEARN AND SERVE AMERICA
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Total
	Original	Final	Actual Amounts
REVENUE			
Federal	\$ 14,593	\$ 27,136	\$ 11,104
Total Revenue	<u>14,593</u>	<u>27,136</u>	<u>11,104</u>
EXPENDITURES			
Salaries and benefits	3,441	8,596	1,013
Purchased services	-	2,300	1,363
Supplies and materials	905	5,993	888
Payments to other governments	10,247	10,247	10,475
Total Expenditures	<u>14,593</u>	<u>27,136</u>	<u>13,739</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(2,635)</u>
OTHER FINANCING SOURCES:			
Transfers in	-	-	2,623
Interest	-	-	12
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>2,635</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011, to June 30, 2012)
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 36,961	\$ 36,961	\$ 44,283
Total Revenue	<u>36,961</u>	<u>36,961</u>	<u>44,283</u>
EXPENDITURES			
Salaries and benefits	36,961	27,961	27,340
Purchased services	-	5,500	6,360
Supplies and materials	-	500	243
Capital outlay	-	3,000	3,000
Total Expenditures	<u>36,961</u>	<u>36,961</u>	<u>36,943</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>7,340</u>
OTHER FINANCING SOURCES:			
Interest	-	-	17
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>17</u>
NET CHANGE IN FUND BALANCE	-	-	7,357
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(7,357)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	General Education Development Certificate	Bus Driver Training	Supervisory Expenses	TOTALS
ASSETS				
Cash and cash equivalents	\$ -	\$ 7,793	\$ 1,662	\$ 9,455
TOTAL ASSETS	\$ -	\$ 7,793	\$ 1,662	\$ 9,455
LIABILITIES				
Due to other funds	\$ 19,681	\$ -	\$ -	\$ 19,681
Total Liabilities	19,681	-	-	19,681
FUND BALANCE (DEFICIT)				
Restricted	-	7,793	1,662	9,455
Unassigned	(19,681)	-	-	(19,681)
Total Fund Balance	(19,681)	7,793	1,662	(10,226)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ 7,793	\$ 1,662	\$ 9,455

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Education Development Certificate	Bus Driver Training	Supervisory Expenses	TOTALS
REVENUES				
Local sources	\$ 24,026	\$ 1,710	\$ 343	\$ 26,079
State sources	-	1,440	-	1,440
Total Revenues	<u>24,026</u>	<u>3,150</u>	<u>343</u>	<u>27,519</u>
EXPENDITURES				
Salaries and benefits	31,551	3,552	-	35,103
Purchased services	3,788	710	5,223	9,721
Supplies and materials	5,400	-	-	5,400
Total Expenditures	<u>40,739</u>	<u>4,262</u>	<u>5,223</u>	<u>50,224</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(16,713)</u>	<u>(1,112)</u>	<u>(4,880)</u>	<u>(22,705)</u>
OTHER FINANCING SOURCES				
Transfer in	-	-	4,759	4,759
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>4,759</u>	<u>4,759</u>
NET CHANGE IN FUND BALANCE	(16,713)	(1,112)	(121)	(17,946)
FUND BALANCE (DEFICIT) - BEGINNING	<u>(2,968)</u>	<u>8,905</u>	<u>1,783</u>	<u>7,720</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (19,681)</u>	<u>\$ 7,793</u>	<u>\$ 1,662</u>	<u>\$ (10,226)</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2012

	Business-Type Activities - Enterprise Funds		TOTALS
	SDC	Background	
	Workshop	Checks	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 40,898	\$ 7,342	\$ 48,240
Due from other governments:			
Local	-	2,944	2,944
Total Current Assets	<u>40,898</u>	<u>10,286</u>	<u>51,184</u>
Noncurrent assets:			
Capital assets, being depreciated, net	1,652	3,732	5,384
Total Noncurrent Assets	<u>1,652</u>	<u>3,732</u>	<u>5,384</u>
TOTAL ASSETS	<u>42,550</u>	<u>14,018</u>	<u>56,568</u>
LIABILITIES			
Accounts payable	-	1,922	1,922
Deferred revenue	6,749	-	6,749
Total Current Liabilities	<u>6,749</u>	<u>1,922</u>	<u>8,671</u>
TOTAL LIABILITIES	<u>6,749</u>	<u>1,922</u>	<u>8,671</u>
NET ASSETS			
Invested in capital assets	1,652	3,732	5,384
Unrestricted	34,149	8,364	42,513
TOTAL NET ASSETS	<u>\$ 35,801</u>	<u>\$ 12,096</u>	<u>\$ 47,897</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds		TOTALS
	SDC Workshop	Background Checks	
OPERATING REVENUES			
Charges for services	\$ 58,020	\$ 44,009	\$ 102,029
Total Operating Revenues	<u>58,020</u>	<u>44,009</u>	<u>102,029</u>
OPERATING EXPENSES			
Salaries and benefits	31,701	-	31,701
Purchased services	7,564	30,656	38,220
Supplies and materials	293	60	353
Other objects	760	-	760
Depreciation expense	660	1,723	2,383
Total Operating Expenses	<u>40,978</u>	<u>32,439</u>	<u>73,417</u>
OPERATING INCOME	17,042	11,570	28,612
NONOPERATING REVENUE (EXPENSE)			
Transfers out	(249)	-	(249)
Transfers in	-	276	276
Total Nonoperating Revenue (Expense)	<u>(249)</u>	<u>276</u>	<u>27</u>
CHANGE IN NET ASSETS	16,793	11,846	28,639
NET ASSETS - BEGINNING	<u>19,008</u>	<u>250</u>	<u>19,258</u>
NET ASSETS - ENDING	<u>\$ 35,801</u>	<u>\$ 12,096</u>	<u>\$ 47,897</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds		TOTALS
	SDC Workshop Fund	Background Checks	
Cash flows from operating activities:			
Receipts from customers	\$ 64,769	\$ 41,065	\$ 105,834
Payments to suppliers and providers of goods and services	(8,617)	(31,108)	(39,725)
Payments to employees	(31,701)	-	(31,701)
Net cash provided by operating activities	<u>24,451</u>	<u>9,957</u>	<u>34,408</u>
Cash flows from noncapital financing activities:			
Cash transfers from/to other funds	(249)	276	27
Decrease in interfund borrowing, net	-	(2,891)	(2,891)
Net cash used for noncapital financing activities	<u>(249)</u>	<u>(2,615)</u>	<u>(2,864)</u>
Net increase in cash and cash equivalents	24,202	7,342	31,544
Cash and cash equivalents - Beginning	<u>16,696</u>	<u>-</u>	<u>16,696</u>
Cash and cash equivalents - Ending	<u>\$ 40,898</u>	<u>\$ 7,342</u>	<u>\$ 48,240</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 17,042	\$ 11,570	\$ 28,612
Adjustments to reconcile operating income to net cash provided by operating activities:			
Decrease in due from other governments	-	(2,944)	(2,944)
Depreciation expense	660	1,723	2,383
Decrease in accounts payable	-	(392)	(392)
Increase in deferred revenue	6,749	-	6,749
Net cash provided by operating activities	<u>\$ 24,451</u>	<u>\$ 9,957</u>	<u>\$ 34,408</u>

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2012

	Bilingual Directors Annual Meeting	Illinois Education and Technology Conference	Sangamon County Schoolmasters	Director's Conference	University of Illinois at Springfield Roundtable
ASSETS					
Cash and cash equivalents	\$ 19	\$ 77,873	\$ 7,016	\$ -	\$ -
Due from other governments	-	3,750	-	-	-
TOTAL ASSETS	\$ 19	\$ 81,623	\$ 7,016	\$ -	\$ -
LIABILITIES					
Due to other governments	\$ 19	\$ 81,623	\$ 7,016	\$ -	\$ -
TOTAL LIABILITIES	\$ 19	\$ 81,623	\$ 7,016	\$ -	\$ -

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2012

	Special Education Non-Public Conference	Sangamon County Learning Academy	Those Who Excel	TOTALS
ASSETS				
Cash and cash equivalents	\$ 3,654	\$ 2,308	\$ 17,261	\$ 108,131
Due from other governments	-	-	-	3,750
TOTAL ASSETS	\$ 3,654	\$ 2,308	\$ 17,261	\$ 111,881
LIABILITIES				
Due to other governments	\$ 3,654	\$ 2,308	\$ 17,261	\$ 111,881
TOTAL LIABILITIES	\$ 3,654	\$ 2,308	\$ 17,261	\$ 111,881

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Balance Beginning of Year 7/1/11	Additions	Deductions	Balance End of Year 6/30/12
<u>BILINGUAL DIRECTORS ANNUAL MEETING</u>				
ASSETS				
Cash and cash equivalents	\$ 19	\$ -	\$ -	\$ 19
Total Assets	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19</u>
LIABILITIES				
Due to other governments	\$ 19	\$ -	\$ -	\$ 19
Total Liabilities	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19</u>
<u>ILLINOIS EDUCATION AND TECHNOLOGY CONFERENCE</u>				
ASSETS				
Cash and cash equivalents	\$ 79,333	\$ 199,176	\$ 200,636	\$ 77,873
Due from other governments	-	3,750	-	3,750
Total Assets	<u>\$ 79,333</u>	<u>\$ 202,926</u>	<u>\$ 200,636</u>	<u>\$ 81,623</u>
LIABILITIES				
Due to other governments	\$ 79,333	\$ 202,926	\$ 200,636	\$ 81,623
Total Liabilities	<u>\$ 79,333</u>	<u>\$ 202,926</u>	<u>\$ 200,636</u>	<u>\$ 81,623</u>
<u>SANGAMON COUNTY SCHOOLMASTERS</u>				
ASSETS				
Cash and cash equivalents	\$ 6,928	\$ 2,656	\$ 2,568	\$ 7,016
Total Assets	<u>\$ 6,928</u>	<u>\$ 2,656</u>	<u>\$ 2,568</u>	<u>\$ 7,016</u>
LIABILITIES				
Due to other governments	\$ 6,928	\$ 2,656	\$ 2,568	\$ 7,016
Total Liabilities	<u>\$ 6,928</u>	<u>\$ 2,656</u>	<u>\$ 2,568</u>	<u>\$ 7,016</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Balance Beginning of Year 7/1/11	Additions	Deductions	Balance End of Year 6/30/12
<u>DIRECTOR'S CONFERENCE</u>				
ASSETS				
Cash and cash equivalents	\$ 13,909	\$ -	\$ 13,909	\$ -
Total Assets	<u>\$ 13,909</u>	<u>\$ -</u>	<u>\$ 13,909</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	\$ 13,909	\$ -	\$ 13,909	\$ -
Total Liabilities	<u>\$ 13,909</u>	<u>\$ -</u>	<u>\$ 13,909</u>	<u>\$ -</u>
<u>UNIVERSITY OF ILLINOIS AT SPRINGFIELD ROUNDTABLE</u>				
ASSETS				
Cash and cash equivalents	\$ 129	\$ 25	\$ 154	\$ -
Total Assets	<u>\$ 129</u>	<u>\$ 25</u>	<u>\$ 154</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	\$ 129	\$ 25	\$ 154	\$ -
Total Liabilities	<u>\$ 129</u>	<u>\$ 25</u>	<u>\$ 154</u>	<u>\$ -</u>
<u>SPECIAL EDUCATION NON-PUBLIC CONFERENCE</u>				
ASSETS				
Cash and cash equivalents	\$ 2,697	\$ 33,525	\$ 32,568	\$ 3,654
Total Assets	<u>\$ 2,697</u>	<u>\$ 33,525</u>	<u>\$ 32,568</u>	<u>\$ 3,654</u>
LIABILITIES				
Due to other governments	\$ 2,697	\$ 33,525	\$ 32,568	\$ 3,654
Total Liabilities	<u>\$ 2,697</u>	<u>\$ 33,525</u>	<u>\$ 32,568</u>	<u>\$ 3,654</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Balance Beginning of Year 7/1/11	Additions	Deductions	Balance End of Year 6/30/12
<u>SANGAMON COUNTY LEARNING</u>				
<u>ACADEMY FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 1,797	\$ 17,929	\$ 17,418	\$ 2,308
Total Assets	<u>\$ 1,797</u>	<u>\$ 17,929</u>	<u>\$ 17,418</u>	<u>\$ 2,308</u>
LIABILITIES				
Due to other governments	\$ 1,797	\$ 17,929	\$ 17,418	\$ 2,308
Total Liabilities	<u>\$ 1,797</u>	<u>\$ 17,929</u>	<u>\$ 17,418</u>	<u>\$ 2,308</u>
<u>THOSE WHO EXCEL</u>				
ASSETS				
Cash and cash equivalents	\$ 5,577	\$ 44,464	\$ 32,780	\$ 17,261
Total Assets	<u>\$ 5,577</u>	<u>\$ 44,464</u>	<u>\$ 32,780</u>	<u>\$ 17,261</u>
LIABILITIES				
Due to other governments	\$ 5,577	\$ 44,464	\$ 32,780	\$ 17,261
Total Liabilities	<u>\$ 5,577</u>	<u>\$ 44,464</u>	<u>\$ 32,780</u>	<u>\$ 17,261</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 110,389	\$ 297,775	\$ 300,033	\$ 108,131
Due from other governments	-	3,750	-	3,750
Total Assets	<u>\$ 110,389</u>	<u>\$ 301,525</u>	<u>\$ 300,033</u>	<u>\$ 111,881</u>
LIABILITIES				
Due to other governments	\$ 110,389	\$ 301,525	\$ 300,033	\$ 111,881
Total Liabilities	<u>\$ 110,389</u>	<u>\$ 301,525</u>	<u>\$ 300,033</u>	<u>\$ 111,881</u>