

State of Illinois
CLAY/ CRAWFORD/JASPER
LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
FINANCIAL AUDIT
(In Accordance with the Single Audit Act and
OMB Circular A-133)
For the Year Ended June 30, 2009

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
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 JUNE 30, 2009

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CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
JUNE 30, 2009

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Ms. Carol S. Steinman

Assistant Regional Superintendent
(Current, Acting Effective August 17, 2009)

Mr. Lyle Rusk

Assistant Regional Superintendent
(During the Audit Period, Acting Effective
July 1, 2008 through December 15, 2008)

Mr. Phil Rogers

Assistant Regional Superintendent
(During the Audit Period, Acting Effective
January 1, 2009 through June 15, 2009)

Mr. Larry Miller

Offices are located at:

CLAY
P.O. Box 97
Louisville, IL 62858

CRAWFORD
301 S. Cross, Suite 11
Robinson, IL 62454

JASPER
204 W. Washington, Suite 3
Newton, IL 62448

LAWRENCE
1100 State St.
Lawrenceville, IL 62439

RICHLAND
103 W. Main
Olney, IL 62450

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 JUNE 30, 2009

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
09-1	12a	Lack of Segregation of Duties	Significant Deficiency

FINDINGS AND QUESTIONED COSTS (*FEDERAL COMPLIANCE*)

None

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

08-1	15	Restricted Funds Used for Unauthorized Purposes
08-2	15	Uninsured Deposits in Bank

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12

COMPLIANCE REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 4, 2009. Attending were Carol Steinman, Regional Superintendent, Crystal Smith, Controller, and Tami Knight, Partner, Kemper CPA Group LLP. Responses to the recommendations were provided by Carol Steinman, Regional Superintendent on October 28, 2009.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
JUNE 30, 2009

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Clay/Crawford/Jasper/Lawrence/Richland Counties Regional Office of Education #12 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 #12'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 Regional Office of Education #12, as of and for the year ended June 30, 2009, which collectively comprise the Regional Office of Education #12's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #12's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Regional Office of Education #12, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, 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 March 3, 2010 on our consideration of the Regional Office of Education #12's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a through 16g and 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #12's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Guidelines for Auditing and Reporting for a Regional Office of Education, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurer's and Other Entities – Distributive Fund, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
March 3, 2010



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, business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #12, as of and for the year ended June 30, 2009, which collectively comprise the Regional Office of Education #12's basic financial statements and have issued our report thereon dated March 3, 2010. 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

In planning and performing our audit, we considered the Regional Office of Education #12's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of Regional Office of Education #12's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Regional Office of Education #12's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in finding 09-1 in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #12'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*.

Regional Office of Education #12's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Regional Office of Education #12's response and, accordingly, we express no opinion on it.

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

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
March 3, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE FOR
EACH PROGRAM DETERMINED TO BE MAJOR BY THE ILLINOIS STATE BOARD
OF EDUCATION IN THEIR MONITORING OF FEDERAL PROGRAMS**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Regional Office of Education #12 with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Regional Office of Education #12's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #12's management. Our responsibility is to express an opinion on the Regional Office of Education #12's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 criteria as required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Regional Office of Education #12's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Regional Office of Education #12's compliance with those requirements.

In our opinion, the Regional Office of Education #12 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Regional Office of Education #12 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Regional Office of Education #12's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #12's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
March 3, 2010

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2009

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? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes
- Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? No

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.186A	Title IV – Safe and Drug Free Schools
84.196A	McKinney Education for Homeless Children

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

Auditee qualified as a low-risk auditee? No

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 09-1 – Lack of Segregation of Duties

Criteria/Specific Requirement:

The Regional Office of Education #12 is required to maintain a system of controls, including segregation of duties, over the financial reporting process to be able to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles (GAAP).

Condition:

The Regional Office of Education #12 does not have sufficient internal controls over the financial reporting process. We noted the following deficiencies in internal control:

- A. An individual independent of the cash receipt, disbursement, and entry into the accounting system does not receive bank statements unopened and review them for any unusual items.
- B. There is no reconciliation of pre-numbered receipts to the related deposit slip or bank receipt by an individual independent of the receipt and posting process.

Effect:

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements or possible fraudulent activity in a timely manner.

Cause:

The Regional Office officials were not aware that the design of these processes constituted a lack of segregation of duties and deficiencies in internal control.

Recommendation:

- A. An individual independent of the cash receipt, disbursement, and entry into the accounting system should open bank statements and review them for any unusual items.
- B. An individual independent of the cash receipt function should reconcile pre-numbered receipts to the related deposit slip and bank receipt.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 09-1 – Lack of Segregation of Duties (Concluded)

Management Response:

The Regional Office of Education #12 has already implemented changes to internal controls to address the financial statement findings.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

INSTANCES OF NONCOMPLIANCE:

NONE

SIGNIFICANT DEFICIENCIES:

NONE

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Finding No. 09-1 – Lack of Segregation of Duties

Condition:

The Regional Office of Education #12 does not have sufficient internal controls over the financial reporting process. We noted the following deficiencies in internal control:

- A. An individual independent of the cash receipt, disbursement, and entry into the accounting system does not receive bank statements unopened and review them for any unusual items.
- B. There is no reconciliation of pre-numbered receipts to the related deposit slip or bank receipt by an individual independent of the receipt and posting process.

Plan:

- A. An individual independent of the cash receipt, disbursement, and entry into the accounting system will open bank statements and review them for any unusual items.
- B. An individual independent of the cash receipt function will reconcile pre-numbered receipts to the related deposit slip and bank receipt.

Anticipated Date of Completion:

At the date of this report, the Regional Office of Education #12 has already implemented changes to internal controls to address the financial statement findings.

Name of Contact Person:

Mrs. Carol Steinman, Regional Superintendent

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
08-1	Restricted Funds Used for Unauthorized Purposes	Corrected
08-2	Uninsured Deposits in Bank	Corrected

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

The Regional Office of Education #12 for the Counties of Clay, Crawford, Jasper, Lawrence and Richland 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, 2009. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2009 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$8,051 from \$809,579 in fiscal year 2008 to \$801,528 in fiscal year 2009. Revenues from local sources decreased while on-behalf payments increased. General Fund expenditures increased by \$79,476 from \$781,024 in FY08 to \$860,500 in FY09. Salaries and benefits, purchased services and on-behalf payments increased.
- Within the Governmental Funds, the Special Revenue Funds revenue increased by \$41,134 from \$2,228,417 in FY08 to \$2,269,551 in FY09. The Special Revenue Funds expenditures increased by \$76,496 from \$2,003,714 in FY08 to \$2,080,210 in FY09. Revenue and expenditures from Title IV Safe & Drug Free Schools increased in FY09. Regional Safe Schools expenditures increased in FY 09. The majority of the increase in expenditures was due to an increase in salaries and benefits.

Using This Report

This 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 of Education as a whole and present an overall view of the Office's finances.
- 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 needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detail information about the non-major funds.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Reporting the Office as a Whole

The Statement of Net Assets and the Statement of Activities

The Government-wide statements report information about the Regional Office of Education #12 as a whole. The Statement of Net Assets includes all of the 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, using accounting methods similar to those used by private-sector companies.

The two Government-wide statements report the Office's net assets and how they have changed. Net assets – the difference between the assets and liabilities – are one way to measure the 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 non-financial factors, such as new laws, rules, regulations, and non-funded mandates need to be considered.

The Government-wide financial statements present all of the Office's activities as governmental and business-type activities. Local, State and federal monies finance most of these activities.

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 that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #12 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

1. Governmental funds account for all of the 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 Office's programs. The 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.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Reporting the Office as a Whole (Concluded)

2. Proprietary funds are used to report the same functions presented as business-type activities in the Government-wide financial statements, only in more detail.

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.

3. Fiduciary funds are used to account for assets held by the Regional Office of Education #12 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

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 follows the fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office. The net assets at the end of FY09 totaled \$1,161,675. At the end of FY08, the net assets were \$1,044,244. The analysis that follows provides a summary of the Office's net assets at June 30, 2009 and 2008.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2009

Government-Wide Financial Analysis (Continued)

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2009	2008 (Restated)	2009	2008 (Restated)	2009	2008
Current assets	\$ 1,154,747	\$ 1,005,331	\$ 19,843	\$ 52,985	\$ 1,174,590	\$ 1,058,316
Capital assets, net	92,571	87,125	-	-	92,571	87,125
Total assets	<u>1,247,318</u>	<u>1,092,456</u>	<u>19,843</u>	<u>52,985</u>	<u>1,267,161</u>	<u>1,145,441</u>
Current liabilities	104,104	100,378	1,382	819	105,486	101,197
Total liabilities	<u>104,104</u>	<u>100,378</u>	<u>1,382</u>	<u>819</u>	<u>105,486</u>	<u>101,197</u>
Net assets:						
Invested in capital assets	92,571	87,125	-	-	92,571	87,125
Restricted for teacher professional development	87,906	89,519	-	-	87,906	89,519
Unrestricted, restated	962,737	815,434	18,461	52,166	981,198	867,600
Total net assets	<u>\$ 1,143,214</u>	<u>\$ 992,078</u>	<u>\$ 18,461</u>	<u>\$ 52,166</u>	<u>\$ 1,161,675</u>	<u>\$ 1,044,244</u>

The Regional Office of Education's net assets increased by \$117,431 from FY08. Governmental activities increased net assets by \$151,136. Business-type activities decreased net assets by \$33,705. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

The following analysis shows the changes in net assets for the years ended June 30, 2009 and 2008.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2009

Government-Wide Financial Analysis (Continued)

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2009	2008 (Restated)	2009	2008 (Restated)	2009	2008
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 1,917,653	\$ 2,270,730	\$ -	\$ -	\$ 1,917,653	\$ 2,270,730
General revenues:						
Local sources	418,697	435,520	-	-	418,697	435,520
State sources	305,370	-	-	-	305,370	-
Federal sources	88,530	-	-	-	88,530	-
On-behalf payments	340,829	308,771	-	-	340,829	308,771
Charges for services	-	-	117,968	126,141	117,968	126,141
Interest	15,321	22,975	316	206	15,637	23,181
Total revenues	<u>3,086,400</u>	<u>3,037,996</u>	<u>118,284</u>	<u>126,347</u>	<u>3,204,684</u>	<u>3,164,343</u>
Expenses:						
Programs expenses:						
Salaries and benefits	1,459,628	1,379,789	30,084	7,412	1,489,712	1,387,201
Purchased services	855,096	796,404	106,085	103,425	961,181	899,829
Supplies and materials	215,446	232,780	15,801	20,629	231,247	253,409
Other objects	9,333	17,496	19	54	9,352	17,550
Payments to other governments	23,377	1,895	-	-	23,377	1,895
Depreciation	31,555	32,846	-	-	31,555	32,846
Administrative expenses:						
On-behalf payments - state	340,829	308,771	-	-	340,829	308,771
Total expenses	<u>2,935,264</u>	<u>2,769,981</u>	<u>151,989</u>	<u>131,520</u>	<u>3,087,253</u>	<u>2,901,501</u>
Changes in net assets	151,136	268,015	(33,705)	(5,173)	117,431	262,842
Net assets, beginning of year, restated	<u>992,078</u>	<u>724,063</u>	<u>52,166</u>	<u>57,339</u>	<u>1,044,244</u>	<u>781,402</u>
Net assets, end of year	<u>\$ 1,143,214</u>	<u>\$ 992,078</u>	<u>\$ 18,461</u>	<u>\$ 52,166</u>	<u>\$ 1,161,675</u>	<u>\$ 1,044,244</u>

Financial Analysis of the Regional Office of Education #12 Funds

As previously noted, the Regional Office of Education #12 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Financial Analysis of the Regional Office of Education #12 Funds (Concluded)

The Office's Governmental Funds reported combined fund balances of \$1,050,643 in FY09 and \$904,953 in FY08. The primary reason for the increase in combined fund balances in FY09 was due to the Regional Office's efforts to keep costs down. Although overall expenditures did increase, the Regional Office has tried to keep the increase minimized by actions such as not employing teacher aides for the Truants Alternative/Optional Education and Regional Safe Schools Programs until their services were deemed absolutely necessary.

Governmental Fund Highlights

Revenues for governmental activities were \$3,086,400 and expenditures were \$2,935,264. The Regional Office of Education #12 experienced an increase in revenues and expenditures during FY09. The increase in expenses is due to increases in salaries and benefits and purchased services.

Special Projects revenue decreased in FY09 while purchased services increased.

In the Office Fund, revenues and expenditures for on-behalf payments increased. Salaries and benefits expenditures also increased.

Education Fund revenues and expenditures increased from FY08. Title IV Safe and Drug Free Schools revenues and expenditures increased. Regional Safe Schools expenditures for purchased services increased.

Proprietary Fund Highlights

Revenues for proprietary activities were \$118,284 and expenses were \$151,989. Revenues from workshops decreased during FY09 due to fewer workshops and fewer attendees. Expenses increased primarily due to an increase in salaries and benefits.

Budgetary Highlights

The ROE #12 annually adopts budgets for certain grants, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the ROE #12 amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and State sources or for additional services needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the ROE's actual financial activity is included in the supplementary information section of this report on page 51 and pages 56 through 62.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Capital Assets

Capital Assets of the Regional Office of Education #12 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #12 maintains an inventory of capital assets that has accumulated over time. The increase for FY09 was \$37,001 which came as a result of funding for the purchase of equipment provided to the Regional Office of Education #12. No assets were disposed of during this fiscal year. In addition, the Regional Office of Education #12 has adopted a depreciation schedule that reflects the level of capital assets, net of accumulated depreciation.

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 affect its financial health in the future:

- The State of Illinois Foundation level used in the calculation of General State Aid has increased to \$6,119 per student.
- ROE #12 will not be receiving FY10 funding for Title IV Safe and Drug Free Schools.
- FY10 funding for ROE/ISC Operations has been reduced to 78% of FY09 funding.
- FY10 funding for Truants Alternative/Optional Education, Regional Safe Schools and Early Childhood Grants has all been reduced to 90% of FY09 funding.
- ROE #12 was awarded a Gifted Education grant in the amount of \$66,505.
- County Board support of the Regional Office of Education #12 for the year ended June 30, 2010 will increase slightly over the FY09 level.
- ROE #12 anticipates the continued delay in grant funding payments from the State. This delay will continue to cause a significant financial hardship.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients and other constituents with a general overview of its finances and to demonstrate the 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 Regional Office of Education #12, 103 W. Main Street, Olney, IL 62450.

BASIC FINANCIAL STATEMENTS

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,025,116	\$ 15,152	\$ 1,040,268
Due from other governments			
Local	10,503	1,085	11,588
State	79,319	-	79,319
Federal	35,663	-	35,663
Due (to) from other funds	(3,606)	3,606	-
Accounts receivable	945	-	945
Prepaid expenses	6,807	-	6,807
Total current assets	<u>1,154,747</u>	<u>19,843</u>	<u>1,174,590</u>
Noncurrent assets:			
Capital assets, net	92,571	-	92,571
TOTAL ASSETS	<u>1,247,318</u>	<u>19,843</u>	<u>1,267,161</u>
LIABILITIES			
Current liabilities:			
Accounts payable	87,135	521	87,656
Due to other governments			
Local	-	861	861
Deferred revenue	16,969	-	16,969
TOTAL LIABILITIES	<u>104,104</u>	<u>1,382</u>	<u>105,486</u>
NET ASSETS			
Invested in capital assets	92,571	-	92,571
Restricted for teacher professional development	87,906	-	87,906
Unrestricted	962,737	18,461	981,198
TOTAL NET ASSETS	<u>\$ 1,143,214</u>	<u>\$ 18,461</u>	<u>\$ 1,161,675</u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 1,459,628	\$ -	\$ 1,121,244	\$ (338,384)	\$ -	\$ (338,384)
Purchased services	855,096	-	547,349	(307,747)	-	(307,747)
Supplies and materials	215,446	-	186,649	(28,797)	-	(28,797)
Other objects	9,333	-	4,335	(4,998)	-	(4,998)
Depreciation	31,555	-	-	(31,555)	-	(31,555)
Capital outlay	-	-	37,001	37,001	-	37,001
Payments to other governments	23,377	-	21,075	(2,302)	-	(2,302)
Administrative:						
On-behalf payments	340,829	-	-	(340,829)	-	(340,829)
Total governmental activities	2,935,264	-	1,917,653	(1,017,611)	-	(1,017,611)
Business-type activities:						
Operating	151,989	117,968	-	-	(34,021)	(34,021)
Total business-type activities	151,989	117,968	-	-	(34,021)	(34,021)
TOTAL PRIMARY GOVERNMENT	\$ 3,087,253	\$ 117,968	\$ 1,917,653	(1,017,611)	(34,021)	(1,051,632)
GENERAL REVENUES						
Local sources				418,697	-	418,697
State sources				305,370	-	305,370
Federal sources				88,530	-	88,530
On-behalf payments				340,829	-	340,829
Interest				15,321	316	15,637
Total general revenues				1,168,747	316	1,169,063
CHANGE IN NET ASSETS				151,136	(33,705)	117,431
NET ASSETS - BEGINNING, RESTATED				992,078	52,166	1,044,244
NET ASSETS - ENDING				\$ 1,143,214	\$ 18,461	\$ 1,161,675

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 135,123	\$ 794,008	\$ 95,985	\$ -	\$ 1,025,116
Due from other funds	80,384	-	-	(80,384)	-
Due from other governments					
Local	9,930	565	8	-	10,503
State	11,000	68,319	-	-	79,319
Federal	-	35,663	-	-	35,663
Accounts receivable	846	99	-	-	945
Prepaid expenses	6,807	-	-	-	6,807
TOTAL ASSETS	<u>\$ 244,090</u>	<u>\$ 898,654</u>	<u>\$ 95,993</u>	<u>\$ (80,384)</u>	<u>\$ 1,158,353</u>
LIABILITIES					
Accounts payable	\$ 47,336	\$ 38,907	\$ 892	\$ -	\$ 87,135
Due to other funds	11,000	72,982	8	(80,384)	3,606
Deferred revenue	-	16,969	-	-	16,969
Total liabilities	<u>58,336</u>	<u>128,858</u>	<u>900</u>	<u>(80,384)</u>	<u>107,710</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	185,754	-	-	-	185,754
Special revenue funds	-	769,796	95,093	-	864,889
Total fund balances	<u>185,754</u>	<u>769,796</u>	<u>95,093</u>	<u>-</u>	<u>1,050,643</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 244,090</u>	<u>\$ 898,654</u>	<u>\$ 95,993</u>	<u>\$ (80,384)</u>	<u>\$ 1,158,353</u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total fund balances-governmental funds	\$ 1,050,643
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.	<u>92,571</u>
Net assets of governmental activities	<u><u>\$ 1,143,214</u></u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 385,496	\$ 7,629	\$ 25,572	\$ -	\$ 418,697
State sources	75,203	1,750,797	5,908	-	1,831,908
Federal sources	-	479,645	-	-	479,645
On-behalf payments	340,829	-	-	-	340,829
Total revenues	<u>801,528</u>	<u>2,238,071</u>	<u>31,480</u>	<u>-</u>	<u>3,071,079</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	250,931	1,205,235	3,462	-	1,459,628
Purchased services	251,422	579,426	24,248	-	855,096
Supplies and materials	8,812	202,004	4,630	-	215,446
Other objects	4,524	4,809	-	-	9,333
Payments to other governments	3,377	20,000	-	-	23,377
On-behalf payments	340,829	-	-	-	340,829
Capital outlay	605	36,396	-	-	37,001
Total expenditures	<u>860,500</u>	<u>2,047,870</u>	<u>32,340</u>	<u>-</u>	<u>2,940,710</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(58,972)</u>	<u>190,201</u>	<u>(860)</u>	<u>-</u>	<u>130,369</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(90)	-	-	90	-
Transfers in	-	-	90	(90)	-
Interest	8,398	5,379	1,544	-	15,321
Total other financing sources (uses)	<u>8,308</u>	<u>5,379</u>	<u>1,634</u>	<u>-</u>	<u>15,321</u>
NET CHANGE IN FUND BALANCES	<u>(50,664)</u>	<u>195,580</u>	<u>774</u>	<u>-</u>	<u>145,690</u>
FUND BALANCES - BEGINNING, RESTATED	<u>236,418</u>	<u>574,216</u>	<u>94,319</u>	<u>-</u>	<u>904,953</u>
FUND BALANCES - ENDING	<u>\$ 185,754</u>	<u>\$ 769,796</u>	<u>\$ 95,093</u>	<u>\$ -</u>	<u>\$ 1,050,643</u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances	\$ 145,690
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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	\$ 37,001	
Depreciation expense	<u>(31,555)</u>	<u>5,446</u>
Change in net assets of governmental activities		<u><u>\$ 151,136</u></u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2009

	Business - Type Activities - Enterprise Funds	
	Local	Total
ASSETS		
Cash and cash equivalents	\$ 15,152	\$ 15,152
Due from other governments		
Local	1,085	1,085
Due from other funds	11,000	11,000
TOTAL ASSETS	\$ 27,237	\$ 27,237
 LIABILITIES		
Accounts payable	\$ 521	\$ 521
Due to other governments		
Local	861	861
Due to other funds	7,394	7,394
Total Liabilities	8,776	8,776
 FUND BALANCE		
Unreserved	18,461	18,461
Total Fund Balances	18,461	18,461
 TOTAL LIABILITIES AND FUND BALANCES	\$ 27,237	\$ 27,237

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDING JUNE 30, 2009

	Business - Type Activities - Enterprise Funds	
	Local	Total
REVENUES		
Local sources	\$ 117,968	\$ 117,968
Total revenues	117,968	117,968
EXPENDITURES		
Salaries and benefits	30,084	30,084
Purchased services	106,085	106,085
Supplies and materials	15,801	15,801
Other objects	19	19
Total expenditures	151,989	151,989
OPERATING INCOME (LOSS)	(34,021)	(34,021)
OTHER FINANCING SOURCES (USES)		
Interest	316	316
Total other financing sources (uses)	316	316
NET CHANGE IN FUND BALANCE	(33,705)	(33,705)
FUND BALANCES - BEGINNING, RESTATED	52,166	52,166
FUND BALANCE - ENDING	\$ 18,461	\$ 18,461

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDING JUNE 30, 2009

	Business - Type Activities - Enterprise Funds	
	Local	Totals
Cash flows from operating activities:		
Receipts from customers	\$ 116,883	\$ 116,883
Payments to suppliers and providers of goods and services	(121,258)	(121,258)
Payments to employees	(30,084)	(30,084)
Net cash provided by (used for) operating activities	(34,459)	(34,459)
Cash flows from investing activities:		
Interest	316	316
Net cash provided by (used for) investing activities	316	316
Cash flows from noncapital financing activities:		
Receipts (payments) for interfund borrowing, net	16,282	16,282
Net cash provided by (used for) noncapital financing activities	16,282	16,282
Net increase (decrease) in cash	(17,861)	(17,861)
Cash and cash equivalents - beginning	33,013	33,013
Cash and cash equivalents- ending	\$ 15,152	\$ 15,152
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (34,021)	\$ (34,021)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Change in assets and liabilities:		
(Increase) in due from other governments	(1,085)	(1,085)
(Decrease) in accounts payable	(214)	(214)
Increase in due to other governments	861	861
Net cash provided by (used for) operating activities	\$ (34,459)	\$ (34,459)

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 645,540
Due from other governments	<u>5,180,717</u>
Total Assets	<u><u>\$ 5,826,257</u></u>
 LIABILITIES	
Accounts payable	\$ 1,022
Due to other governments	<u>5,825,235</u>
Total Liabilities	<u><u>\$ 5,826,257</u></u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #12 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2009, the Regional Office of Education #12 implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*; GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The Regional Office of Education #12 implemented these standards during the current year; however, GASE No. 49, 52, 55, and 56 had no impact on the financial statements.

A. 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 school treasurers' books, accounts, and vouchers; 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 #12'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.

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 her region are properly bonded.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Concluded)

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, 2009, the Regional Office of Education #12 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 #12. Such activities are reported as a single special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #12 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #12 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 #12 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 #12 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #12 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #12 being considered a component unit of the entity.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 #12's activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by state and federal grants and other intergovernmental revenues. The Regional Office of Education has one business-type activity that relies on fees and charges for support.

The Regional Office of Education #12'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 #12 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #12'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 inter-fund activities, such as, payables, receivables and transfers. Inter-fund 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 inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide financial statements. Inter-fund 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.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major 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 non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

E. 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 non-major 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. 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.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 funds 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 #12; 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 revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board.

Under the provision of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Regional Office of Education applies all GASB pronouncements and has elected to apply only the pronouncements issued on or before November 30, 1989 for the following: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures.

Under the terms of grant agreements, the Regional Office of Education #12 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 #12's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING

The Regional Office of Education #12 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 #12 uses governmental, proprietary, and fiduciary funds.

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 non-major funds. The Regional Office of Education #12 has presented all major funds that met the above qualifications.

The Regional Office of Education #12 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #12 and is used to account for all financial resources that are not legally restricted for expenditure for specified purposes. The following funds are included in the General Fund:

ROE/ISC Operations - To account for the funding of the Regional Office of Education #12 pursuant to the Illinois Administrative Code which mandates the Regional Office to provide professional development activities in the fundamental learning areas, gifted education, administrators' academy, school improvement, technology and other activities based upon the needs of local school districts and State and Federal mandates.

Special Projects - To account for monies used to provide numerous services to the administrators, staff and students within the Regional Office of Education #12.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Office - To account for the expenditures and payroll for the five Regional Office of Education #12 offices.

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

Education Funds - This fund accounts for the State and Federal grant monies received for administering numerous grant awards which include:

Truants Alternative/Optional Education - This program offers prevention and intervention services, which include case management, home visits, school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

Early Childhood Block Grant - To account for grant monies received to provide early childhood education to area three and four year old children.

Title IV- Safe and Drug Free Schools - To account for grant monies received to provide safe school professional development activities to educators throughout the State of Illinois.

Accountability Liaison Program - To carry out program monitoring and provide technical assistance for the Preschool for All programs and report upon those activities to the Regional Office of Education and the Illinois State Board of Education.

Technology for Success - To account for grant monies received from the Illinois Board of Education to provide technology direction and support for Area 6 North schools.

Regional Safe Schools - This program works with students in grades 6-12 who have been suspended multiple times or expelled from school, allowing them to continue their education. It accounts for aid provided by the state based on students that attend the Regional Educational Alternative for Developing Youth and Alternative School programs.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Continued)

Education Funds (Continued)

McKinney Education for Homeless Children - To account for grant monies received and expended assisting school districts in identifying and providing assistance to at-risk students. This program offers services to homeless children and youth primarily who are of school age. Pre-school aged children also receive services to ensure access to early childhood and pre-school programs.

System of Support (RESPRO) - To provide improvement support to schools in academic early warning and academic watch status as well as to assist other schools whose performance makes placement on the lists in the near future likely. The project provides professional development in the areas of math instructional strategies and concept knowledge.

Title I School Improvement and Accountability – This program is one of three Regional System of Support Projects (RESPRO) funded by ISBE through the Regional Office of Education #2. Schools and districts “status” (i.e. have not met Annual Yearly Progress for two or more consecutive years), are supported in a variety of improvement activities. These activities range from the writing and analyzing of improvement plans to the introduction of strategies and supporting materials into the classroom. Title I dollars support this project.

Title II Teacher Quality – Leadership Grant – This program is one of three Regional System of Support Projects (RESPRO) funded by ISBE through the Regional Office of Education #2. Schools and districts “status” (i.e. have not met Annual Yearly Progress for two or more consecutive years), are supported in a variety of improvement activities. These activities range from the writing and analyzing of improvement plans to the introduction of strategies and supporting materials into the classroom. State school improvement dollars support this project.

Standards Aligned Classroom - To account for the federal grant monies received to support learning teams focused on alignment of classroom level assessment and instruction.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Concluded)

Education Funds (Concluded)

Early Childhood - St. Thomas - To provide funds for early childhood and family education programs and services that will help young children enter school ready to learn. This program assists with the treatment of child abuse victims and helps prevent child abuse situations.

Early Childhood - Preschool for All - To provide funds for early childhood and family education programs and services that will help young children enter school ready to learn. This program provides beginning teachers with practical strategies for dealing with early career challenges, resources, and a network of colleagues who are also entering the teaching profession.

National Boards (STANCE -System-Wide Transition Toward Accessible Nationally Certified Educators) - This program is an ISBE funded grant that provides seven regional sites the opportunity to support teachers as they seek their National Board Certification. It also supports teachers who have obtained the National Board Certified Teacher (NBCT) status as they assist other teachers in self improvement efforts.

The Regional Office of Education #12 reports the following non-major governmental funds:

Non-major Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Non-major special revenue funds include the following:

General Education Development - To account for the administration of the GED testing program. Monies are received from testing and diploma fees.

School Bus Transportation - To account for the stewardship of the assets held in connection with the Bus Driver Training Program.

Supervisory - To account for the monies received from the State Board of Education for expenditures incurred providing supervisory services for the region. Also to account for, proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

Non-major Special Revenue Funds (Concluded)

Institute - To account for the stewardship of the assets held for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

FIDUCIARY FUNDS

Agency Funds – Agency funds are used to account for assets held by the Regional Office of Education #12 in a trustee capacity or as an agent for other governments. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the outside organizations are equal to the assets held. Included among these funds are:

Distributive - This fund distributes monies received from the State out to the school districts and other entities. The Regional Office of Education #12 has agreements with all districts in the region whereby the Regional Office of Education #12 is allowed to keep the interest for expenditures benefiting all districts.

Speech Pathology Payroll - To process speech pathologist wages and benefits/deductions for various school districts.

Regional Board of Trustees - To account for monies received from individuals filing petitions requesting change of boundary hearings with the Regional Board of School Trustees. Monies are expended to cover hearing expenses.

Clearing Fund – This fund pays all expenditures of the Regional Office except for payroll and benefits.

PROPRIETARY FUND

Proprietary Fund – The Proprietary fund accounts for revenue and expenses related to services provided to organizations inside the Regional Office of Education #12 on a cost reimbursement basis.

Local Fund - This fund is used to account for the workshop fees of the Regional Office of Education #12.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. NET ASSETS

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets are 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."

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit and investments with a maturity of three months or less.

J. INVENTORY

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

K. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than two 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

L. COMPENSATED ABSENCES

All employees who work 12 calendar months earn up to 20 vacation days for a full year of service. Any unused vacation leave will be forfeited. There are no accruals at June 30th because all unused vacation leave is forfeited.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

COMPENSATED ABSENCES (Concluded)

In addition to vacation days, all regular, full-time employees are granted two personal business leave days per year. Any unused personal leave days are carried over to the following year as accumulated sick leave. All regular full-time employees receive up to 10 sick days annually and the unused portion is accumulated up to the maximum number of days allowed for purposes of retirement 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.

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. BUDGET INFORMATION

The Regional Office of Education #12 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: ROE/ISC Operations, Truant Alternative/Optional Education, Early Childhood Block Grant, Title IV - Safe and Drug Free Schools, Technology for Success, Regional Safe Schools, Early Childhood – St.Thomas, and Early Childhood – Preschool for All.

O. CHANGE IN FUND REPORTING

Effective July 1, 2008, the Local fund was reclassified from the general fund to the proprietary fund.

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Governmental Activities</u>
Fund balance at July 1, 2008	\$ 288,584	\$ -	\$1,044,244
Reclassification adjustments	<u>(52,166)</u>	<u>52,166</u>	<u>(52,166)</u>
Fund balance, restated at July 1, 2008	<u>\$ 236,418</u>	<u>\$ 52,166</u>	<u>\$ 992,078</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 – CASH

The Regional Office of Education #12 does not have a formal investment policy. The Regional Office of Education #12 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, 2009, the carrying amount of the Regional Office of Education #12's government-wide and Agency fund deposits were \$1,040,268 and \$645,540, respectively, and the bank balances were \$1,067,304 and \$678,698, respectively. Of the total bank balances as of June 30, 2009, \$594,854 was secured by federal depository insurance, \$506,955 was collateralized by securities pledged by the Regional Office of Education #12's financial institution in the name of the Regional Office.

B. INVESTMENTS

The Regional Office of Education #12 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2009, the Regional Office of Education #12 had investments with carrying and fair values of \$644,193 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2009, the Illinois Funds Money Market Fund had a Standard and Poor's AAA 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.

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.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE 2 – CASH (Concluded)

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.

NOTE 3 - DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #12’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 #12’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on line at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education #12’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 9.37 percent of annual covered payroll. The Regional Office of Education #12 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. For 2008, the Regional Office of Education #12’s annual pension cost of \$47,671 for the Regular plan was equal to the Regional Office of Education #12’s required and actual contributions.

THREE YEAR TREND INFORMATION			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/08	\$ 47,671	100%	\$ 0
12/31/07	63,612	100%	0
12/31/06	39,493	100%	0

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

The required contribution was determined as part of the December 31, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, 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 11.6% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #12's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006, was 5 years.

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 86.25 percent funded. The actuarial accrued liability for benefits was \$2,177,193 and the actuarial value of assets was \$1,877,759, resulting in an underfunded actuarial accrued liability (UAAL) of \$299,434. The covered payroll (annual payroll of active employees covered by the plan) was \$508,760 and ratio of the UAAL to the covered payroll was 59 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 #12 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 of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active non-annuitants 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, 2009, was 9.4 percent of creditable earnings. 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, 2008 and 2007. In addition, virtually all members pay a contribution to the Teacher's Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not part of this retirement plan.

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The employer THIS Fund Contribution was 0.63 percent during the year ended June 30, 2009, and the member THIS Fund health insurance contribution was 0.84 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #12's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #12. For the year ended June 30, 2009, the State of Illinois contributions were based on 17.08 percent of creditable earnings, and the Regional Office of Education #12 recognized revenue and expenditures of \$143,392 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008 and June 30, 2007, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 13.11 percent (\$104,229) and 9.78 percent (\$86,192) respectively.

The state contributions to TRS for the year ended June 30, 2009 and June 30, 2008 were based on an actuarial formula. The state contributions for the year ended June 30, 2007 was based on dollar amounts specified by the statute and were not actuarially determined.

The Regional Office of Education #12 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, 2009 were \$5,074. Contributions for the years ending June 30, 2008, and June 30, 2007, were \$4,612 and \$5,112, 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 #12, there is a statutory requirement for the Regional Office of Education #12 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, 2009, the employer pension contribution was 17.08 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2008 and 2007, the employer contribution was 13.11 and 9.78 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2009, salaries totaling \$35,235 were paid from federal and special trust funds that required employer contributions of \$6,018. For the years ended June 30, 2008 and 2007, required Regional Office of Education #12 contributions were \$6,862 and \$9,064, respectively.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

- **Early retirement option.** The Regional Office of Education #12 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.

Under Public Act 94-0004, a "Pipeline ERO" program was provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retired on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualified for the Pipeline ERO).

Under the Pipeline ERO, the maximum employer contribution was 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2009, the Regional Office of Education #12 paid no employer contributions to TRS under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2008 and June 30 2007, the Regional Office of Education #12 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two additional employer contributions to TRS. If the Regional Office of Education #12 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education #12 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. For the year ended June 30, 2009, the Regional Office of Education #12 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2008 and 2007, the Regional Office of Education #12 paid no employer contributions due on salary increases in excess of 6 percent.

If the Regional Office of Education #12 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 #12 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.67 percent of salary during the year ended June 30, 2009.) For the year ended June 30, 2009, the Regional Office of Education #12 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, 2008 and 2007, the Regional Office of Education #12 paid no employer contributions granted for sick leave days.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

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, 2008. The report for the year ended June 30, 2009, is expected to be available in late 2009. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

NOTE 5 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Inter-fund due to/from other fund balances at June 30, 2009 consist of the following individual due to/from other funds in the governmental fund's Balance Sheet and proprietary fund's Statement of Net Assets. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 80,384	\$ 11,000
Education Fund	-	72,982
Other Nonmajor Fund	-	8
Proprietary Fund	<u>11,000</u>	<u>7,394</u>
Total	<u>\$ 91,384</u>	<u>\$ 91,384</u>

TRANSFERS

Interfund transfers in/out of other fund balances at June 30, 2009 consist of the following individual transfers in/out of other funds in the governmental fund Balance Sheet. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
<u>Other Nonmajor Funds</u>	<u>General Fund</u>	
School Bus Transportation	Special Projects	<u>\$ 90</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE 6 - RISK MANAGEMENT

The Regional Office of Education #12 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 #12 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.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, being depreciated:				
Machinery and Equipment	\$ 433,837	\$ 37,001	\$ -	\$ 470,838
Less accumulated depreciation for:				
Machinery and Equipment	<u>(346,712)</u>	<u>(31,555)</u>	<u>-</u>	<u>(378,267)</u>
Governmental activities capital assets, net	<u>\$ 87,125</u>	<u>\$ 5,446</u>	<u>\$ -</u>	<u>\$ 92,571</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, 2009 of \$31,555 was charged to the governmental activities, 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.

NOTE 8 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #12:

Regional Superintendent Salary	\$ 96,435
Assistant Regional Superintendent Salary	83,175
Regional Superintendent Benefits (Includes State paid insurance)	16,621
Assistant Regional Superintendent Benefits (Includes State paid insurance)	1,206
TRS Pension Contribution	<u>143,392</u>
	<u>\$ 340,829</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE 8 – ON BEHALF PAYMENTS (Concluded)

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

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

NOTE 9 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #12's Agency Fund, General Fund, Education Fund, Non-major Funds, and Proprietary Fund have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

<u>General Fund</u>	
Illinois State Board of Education	\$ 11,000
Local Governments	9,930
<u>Education Fund</u>	
Illinois State Board of Education	58,379
Regional Office of Education	45,603
Local Governments	565
<u>Nonmajor Funds</u>	
Local Governments	8
<u>Proprietary Fund</u>	
Local Governments	1,085
<u>Agency Fund</u>	
Illinois State Board of Education	<u>5,180,717</u>
Total	<u>\$ 5,307,287</u>

Due to Other Governments:

<u>Proprietary Fund</u>	
Local Governments	\$ 861
<u>Agency Fund</u>	
Local Governments	<u>5,825,235</u>
Total	<u>\$ 5,826,096</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 10 – 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 overexpend appropriations during the year are required to be disclosed.

The following funds/fund accounts had deficit fund balances/net assets at June 30, 2009:

<u>Nonmajor Special Revenue Fund</u>	<u>Amount</u>
School Bus Transportation	\$ 50

NOTE 11 – SUBSEQUENT EVENT

Management has evaluated subsequent events through March 3, 2010, the date which the financial statements were available to be issued.

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2009

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)
12/31/08	\$ 1,877,759	\$ 2,177,193	\$ 299,434	86.25%	\$ 508,760	58.86%
12/31/07	2,319,810	2,286,294	(33,516)	101.47%	530,541	0.00%
12/31/06	2,153,877	2,200,811	46,934	97.87%	562,584	8.34%

On a market value basis, the actuarial value of the assets as of December 31, 2008 is \$1,361,083. On a market basis, the funded ratio would be 62.52%

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005-2007 Experience Study.

OTHER SUPPLEMENTAL INFORMATION

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2009

	ROE/ISC Operations	Special Projects	Office	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 90,478	\$ 44,645	\$ 135,123
Due from other funds	-	80,384	-	80,384
Due from other governments				
Local	-	4,111	5,819	9,930
State	11,000	-	-	11,000
Accounts receivable	-	846	-	846
Prepaid expenses	-	6,807	-	6,807
TOTAL ASSETS	\$ 11,000	\$ 182,626	\$ 50,464	\$ 244,090
LIABILITIES				
Accounts payable	\$ -	\$ 47,320	\$ 16	47,336
Due to other funds	11,000	-	-	11,000
Total Liabilities	11,000	47,320	16	58,336
FUND BALANCE				
Unreserved	-	135,306	50,448	185,754
Total Fund Balances	-	135,306	50,448	185,754
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,000	\$ 182,626	\$ 50,464	\$ 244,090

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDING JUNE 30, 2009

	ROE/ISC Operations	Special Projects	Office	Total
REVENUES				
Local sources	\$ -	\$ 162,838	\$ 222,658	\$ 385,496
State sources	75,203	-	-	75,203
On-behalf payments	-	-	340,829	340,829
Total revenues	<u>75,203</u>	<u>162,838</u>	<u>563,487</u>	<u>801,528</u>
EXPENDITURES				
Salaries and benefits	38,480	-	212,451	250,931
Purchased services	27,709	206,993	16,720	251,422
Supplies and materials	5,032	2,734	1,046	8,812
Other objects	-	4,524	-	4,524
Payments to other governments	3,377	-	-	3,377
On-behalf payments	-	-	340,829	340,829
Capital outlay	605	-	-	605
Total expenditures	<u>75,203</u>	<u>214,251</u>	<u>571,046</u>	<u>860,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(51,413)</u>	<u>(7,559)</u>	<u>(58,972)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(90)	-	(90)
Interest	-	7,957	441	8,398
Total other financing sources (uses)	<u>-</u>	<u>7,867</u>	<u>441</u>	<u>8,308</u>
NET CHANGE IN FUND BALANCE	-	(43,546)	(7,118)	(50,664)
FUND BALANCES - BEGINNING	<u>-</u>	<u>178,852</u>	<u>57,566</u>	<u>236,418</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 135,306</u>	<u>\$ 50,448</u>	<u>\$ 185,754</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2008 to June 30, 2009)
GENERAL FUND
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUES			
State sources	\$ 75,203	\$ 75,203	\$ 75,203
Total revenues	<u>75,203</u>	<u>75,203</u>	<u>75,203</u>
EXPENDITURES			
Salaries and benefits	38,678	38,158	38,480
Purchased services	20,460	29,450	27,709
Supplies and materials	6,065	4,095	5,032
Payments to other governments	5,000	2,500	3,377
Capital outlay	5,000	1,000	605
Total expenditures	<u>75,203</u>	<u>75,203</u>	<u>75,203</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2009

	Truants Alternative/ Optional Education	Early Childhood Block Grant	Title IV - Safe and Drug Free Schools	Accountability Liaison Program	Technology for Success	Regional Safe Schools
ASSETS						
Cash and cash equivalents	\$ 467,217	\$ 66	\$ 8,053	\$ 1,491	\$ 1,487	\$ 310,581
Due from other governments						
Local	-	-	-	-	565	-
State	40,224	-	-	7,674	-	10,481
Federal	-	-	-	-	-	-
Accounts receivable	99	-	-	-	-	-
TOTAL ASSETS	\$ 507,540	\$ 66	\$ 8,053	\$ 9,165	\$ 2,052	\$ 321,062
LIABILITIES						
Accounts payable	\$ 1,237	\$ 66	\$ -	\$ -	\$ -	\$ -
Due to other funds	40,224	-	-	9,165	-	10,481
Deferred revenue	8,916	-	8,053	-	-	-
Total liabilities	50,377	66	8,053	9,165	-	10,481
FUND BALANCES						
Unreserved	457,163	-	-	-	2,052	310,581
Total fund balance	457,163	-	-	-	2,052	310,581
TOTAL LIABILITIES AND FUND BALANCES	\$ 507,540	\$ 66	\$ 8,053	\$ 9,165	\$ 2,052	\$ 321,062

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2009

	McKinney Education For Homeless Children	System of Support (RESPRO)	Standards Aligned Classroom	Early Childhood - St. Thomas	Early Childhood - Preschool For All	National Boards (STANCE)	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ 5,113	\$ -	\$ -	\$ -	\$ -	\$ 794,008
Due from other governments							
Local	-	-	-	-	-	-	565
State	-	9,940	-	-	-	-	68,319
Federal	-	35,663	-	-	-	-	35,663
Accounts receivable	-	-	-	-	-	-	99
TOTAL ASSETS	\$ -	\$ 50,716	\$ -	\$ -	\$ -	\$ -	\$ 898,654
LIABILITIES							
Accounts payable	\$ -	\$ 37,604	\$ -	\$ -	\$ -	\$ -	\$ 38,907
Due to other funds	-	13,112	-	-	-	-	72,982
Deferred revenue	-	-	-	-	-	-	16,969
Total liabilities	-	50,716	-	-	-	-	128,858
FUND BALANCES							
Unreserved	-	-	-	-	-	-	769,796
Total fund balance	-	-	-	-	-	-	769,796
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 50,716	\$ -	\$ -	\$ -	\$ -	\$ 898,654

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

	Truants Alternative/ Optional Education	Early Childhood Block Grant	Title IV - Safe and Drug Free Schools	Accountability Liaison Program	Technology for Success	Regional Safe Schools
REVENUES						
Local sources	\$ 3,477	\$ 50	\$ -	\$ -	\$ 4,102	\$ -
State sources	610,285	253,531	-	25,500	178,895	254,837
Federal sources	42,372	-	232,087	-	-	37,242
Total revenues	<u>656,134</u>	<u>253,581</u>	<u>232,087</u>	<u>25,500</u>	<u>182,997</u>	<u>292,079</u>
EXPENDITURES						
Salaries and benefits	425,014	125,671	75,589	1,698	120,778	202,690
Purchased services	60,053	60,183	140,979	23,761	36,128	31,874
Supplies and materials	18,966	55,212	9,429	41	5,292	11,255
Other objects	494	66	3,255	-	-	994
Payments to other governments	-	-	-	-	20,000	-
Capital outlay	7,455	12,465	2,835	-	-	-
Total expenditures	<u>511,982</u>	<u>253,597</u>	<u>232,087</u>	<u>25,500</u>	<u>182,198</u>	<u>246,813</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>144,152</u>	<u>(16)</u>	<u>-</u>	<u>-</u>	<u>799</u>	<u>45,266</u>
OTHER FINANCING SOURCES						
Interest income	2,805	-	-	-	402	2,172
Total Other Financing Sources (Uses)	<u>2,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>402</u>	<u>2,172</u>
NET CHANGE IN FUND BALANCES	146,957	(16)	-	-	1,201	47,438
FUND BALANCES - BEGINNING	<u>310,206</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>851</u>	<u>263,143</u>
FUND BALANCES - ENDING	<u>\$ 457,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,052</u>	<u>\$ 310,581</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

	McKinney Education For Homeless Children	System of Support (RESPRO)	Standards Aligned Classroom	Early Childhood - St. Thomas	Early Childhood - Preschool For All	National Boards (STANCE)	Total
REVENUES							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,629
State sources	-	37,269	-	60,000	330,480	-	1,750,797
Federal sources	26,381	125,406	14,918	-	-	1,239	479,645
Total revenues	<u>26,381</u>	<u>162,675</u>	<u>14,918</u>	<u>60,000</u>	<u>330,480</u>	<u>1,239</u>	<u>2,238,071</u>
EXPENDITURES							
Salaries and benefits	10,643	43,461	10,909	25,619	162,163	1,000	1,205,235
Purchased services	4,937	93,907	4,009	7,337	116,019	239	579,426
Supplies and materials	10,801	25,307	-	23,465	42,236	-	202,004
Other objects	-	-	-	-	-	-	4,809
Payments to other governments	-	-	-	-	-	-	20,000
Capital outlay	-	-	-	3,579	10,062	-	36,396
Total expenditures	<u>26,381</u>	<u>162,675</u>	<u>14,918</u>	<u>60,000</u>	<u>330,480</u>	<u>1,239</u>	<u>2,047,870</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,201</u>
OTHER FINANCING SOURCES							
Interest income	-	-	-	-	-	-	5,379
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,379</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-	195,580
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>574,216</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 769,796</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2008 to June 30, 2009)
EDUCATION FUND ACCOUNTS
TRUANT ALTERNATIVE/OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 3,477
State sources	432,474	436,799	610,285
Federal sources	-	-	42,372
Total revenues	<u>432,474</u>	<u>436,799</u>	<u>656,134</u>
EXPENDITURES			
Salaries and benefits	366,423	387,083	425,014
Purchased services	40,811	31,482	60,053
Supplies and materials	17,700	10,694	18,966
Other objects	-	-	494
Capital outlay	7,540	7,540	7,455
Total expenditures	<u>432,474</u>	<u>436,799</u>	<u>511,982</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>144,152</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	2,805
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,805</u>
NET CHANGE IN FUND BALANCE			
	<u>-</u>	<u>-</u>	<u>146,957</u>
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>310,206</u>
FUND BALANCE - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 457,163</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2008 to June 30, 2009)
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD BLOCK GRANT
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 50
State sources	248,560	253,531	253,531
Total revenues	<u>248,560</u>	<u>253,531</u>	<u>253,581</u>
EXPENDITURES			
Salaries and benefits	118,674	125,053	125,671
Purchased services	55,006	60,741	60,183
Supplies and materials	72,880	54,987	55,212
Other objects	-	-	66
Capital outlay	2,000	12,750	12,465
Total expenditures	<u>248,560</u>	<u>253,531</u>	<u>253,597</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(16)</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>16</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2008 to August 31, 2009)
EDUCATION FUND ACCOUNTS
TITLE IV - SAFE AND DRUG FREE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUES			
Federal sources	\$ 180,000	\$ 180,000	\$ 232,087
Total revenues	<u>180,000</u>	<u>180,000</u>	<u>232,087</u>
EXPENDITURES			
Salaries and benefits	54,979	54,979	75,589
Purchased services	117,821	117,821	140,979
Supplies and materials	4,930	4,930	9,429
Other objects	1,570	1,570	3,255
Capital outlay	700	700	2,835
Total expenditures	<u>180,000</u>	<u>180,000</u>	<u>232,087</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2008 to June 30, 2009)
EDUCATION FUND ACCOUNTS
TECHNOLOGY FOR SUCCESS
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 4,102
State sources	165,847	178,895	178,895
Total revenues	<u>165,847</u>	<u>178,895</u>	<u>182,997</u>
EXPENDITURES			
Salaries and benefits	120,727	120,727	120,778
Purchased services	24,120	35,837	36,128
Supplies and materials	1,000	2,331	5,292
Payments to other governments	20,000	20,000	20,000
Total expenditures	<u>165,847</u>	<u>178,895</u>	<u>182,198</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>799</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	402
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>402</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>1,201</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>851</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,052</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2008 to June 30, 2009)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 129,487	\$ 128,862	\$ 254,837
Federal sources	-	-	37,242
Total revenues	<u>129,487</u>	<u>128,862</u>	<u>292,079</u>
EXPENDITURES			
Salaries and benefits	116,938	104,125	202,690
Purchased services	8,549	15,737	31,874
Supplies and materials	4,000	9,000	11,255
Other objects	-	-	994
Total expenditures	<u>129,487</u>	<u>128,862</u>	<u>246,813</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>45,266</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	2,172
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,172</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>47,438</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>263,143</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 310,581</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2008 to June 30, 2009)
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD - ST. THOMAS
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 60,000	\$ 60,000	\$ 60,000
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
EXPENDITURES			
Salaries and benefits	25,521	25,521	25,619
Purchased services	9,087	7,587	7,337
Supplies and materials	25,392	23,642	23,465
Capital outlay	-	3,250	3,579
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2008 to June 30, 2009)
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD - PRESCHOOL FOR ALL
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUES			
State sources	\$ 324,000	\$ 330,480	\$ 330,480
Total revenues	<u>324,000</u>	<u>330,480</u>	<u>330,480</u>
EXPENDITURES			
Salaries and benefits	159,536	162,589	162,163
Purchased services	122,938	113,958	116,019
Supplies and materials	38,526	44,033	42,236
Capital outlay	3,000	9,900	10,062
Total expenditures	<u>324,000</u>	<u>330,480</u>	<u>330,480</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	General Education Development	School Bus Transportation	Supervisory	Institute	Total
ASSETS					
Cash and cash equivalents	\$ 8,049	\$ -	\$ -	\$ 87,936	\$ 95,985
Due from other governments					
Local	-	8	-	-	8
TOTAL ASSETS	\$ 8,049	\$ 8	\$ -	\$ 87,936	\$ 95,993
LIABILITIES					
Accounts payable	\$ 812	\$ 50	\$ -	\$ 30	\$ 892
Due to other funds	-	8	-	-	8
Total liabilities	812	58	-	30	900
FUND BALANCES					
Unreserved	7,237	(50)	-	87,906	95,093
Total Fund Balances	7,237	(50)	-	87,906	95,093
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,049	\$ 8	\$ -	\$ 87,936	\$ 95,993

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Education Development	School Bus Transportation	Supervisory	Institute	Total
REVENUES					
Local sources	\$ 12,233	\$ 1,316	\$ -	\$ 12,023	\$ 25,572
State sources	-	908	5,000	-	5,908
Total revenue	<u>12,233</u>	<u>2,224</u>	<u>5,000</u>	<u>12,023</u>	<u>31,480</u>
EXPENDITURES					
Salaries and benefits	3,462	-	-	-	3,462
Purchased services	3,934	2,365	5,000	12,949	24,248
Supplies and materials	2,541	-	-	2,089	4,630
Total expenditures	<u>9,937</u>	<u>2,365</u>	<u>5,000</u>	<u>15,038</u>	<u>32,340</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>2,296</u>	<u>(141)</u>	<u>-</u>	<u>(3,015)</u>	<u>(860)</u>
OTHER FINANCIING SOURCES (USES)					
Transfers in	-	90	-	-	90
Interest	141	1	-	1,402	1,544
Total Other Financing Sources (Uses)	<u>141</u>	<u>91</u>	<u>-</u>	<u>1,402</u>	<u>1,634</u>
NET CHANGE IN FUND BALANCE	2,437	(50)	-	(1,613)	774
FUND BALANCE - BEGINNING	<u>4,800</u>	<u>-</u>	<u>-</u>	<u>89,519</u>	<u>94,319</u>
FUND BALANCE - ENDING	<u>\$ 7,237</u>	<u>\$ (50)</u>	<u>\$ -</u>	<u>\$ 87,906</u>	<u>\$ 95,093</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
JUNE 30, 2009

	<u>Distributive Fund</u>	<u>Speech Pathology Payroll Fund</u>	<u>Regional Board of Trustees</u>	<u>Clearing Fund</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 643,802	\$ 500	\$ 522	\$ 716	\$ 645,540
Due from other governments	<u>5,180,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,180,717</u>
TOTAL ASSETS	<u><u>\$ 5,824,519</u></u>	<u><u>\$ 500</u></u>	<u><u>\$ 522</u></u>	<u><u>\$ 716</u></u>	<u><u>\$ 5,826,257</u></u>
LIABILITIES					
Accounts payable	\$ -	\$ 500	\$ 522	\$ -	\$ 1,022
Due to other governments	<u>5,824,519</u>	<u>-</u>	<u>-</u>	<u>716</u>	<u>5,825,235</u>
TOTAL LIABILITIES	<u><u>\$ 5,824,519</u></u>	<u><u>\$ 500</u></u>	<u><u>\$ 522</u></u>	<u><u>\$ 716</u></u>	<u><u>\$ 5,826,257</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ 11,880	\$ 61,302,094	\$ 60,670,172	\$ 643,802
Due from other governments	2,460,167	5,180,717	2,460,167	5,180,717
Total assets	<u>\$ 2,472,047</u>	<u>\$ 66,482,811</u>	<u>\$ 63,130,339</u>	<u>\$ 5,824,519</u>
LIABILITIES				
Due to other governments	<u>\$ 2,472,047</u>	<u>\$ 66,482,811</u>	<u>\$ 63,130,339</u>	<u>\$ 5,824,519</u>
Total liabilities	<u>\$ 2,472,047</u>	<u>\$ 66,482,811</u>	<u>\$ 63,130,339</u>	<u>\$ 5,824,519</u>
<u>SPEECH PATHOLOGY PAYROLL</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 121,432	\$ 120,932	\$ 500
Total assets	<u>\$ -</u>	<u>\$ 121,432</u>	<u>\$ 120,932</u>	<u>\$ 500</u>
LIABILITIES				
Accounts payable	\$ -	\$ 121,432	\$ 120,932	\$ 500
Total liabilities	<u>\$ -</u>	<u>\$ 121,432</u>	<u>\$ 120,932</u>	<u>\$ 500</u>
<u>REGIONAL BOARD OF TRUSTEES</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,673	\$ 2,151	\$ 522
Total assets	<u>\$ -</u>	<u>\$ 2,673</u>	<u>\$ 2,151</u>	<u>\$ 522</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,673	\$ 2,151	\$ 522
Total liabilities	<u>\$ -</u>	<u>\$ 2,673</u>	<u>\$ 2,151</u>	<u>\$ 522</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>CLEARING FUND</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,119,474	\$ 1,118,758	\$ 716
Total assets	<u>\$ -</u>	<u>\$ 1,119,474</u>	<u>\$ 1,118,758</u>	<u>\$ 716</u>
LIABILITIES				
Due to other governments	\$ -	\$ 1,119,474	\$ 1,118,758	\$ 716
Total liabilities	<u>\$ -</u>	<u>\$ 1,119,474</u>	<u>\$ 1,118,758</u>	<u>\$ 716</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 11,880	\$62,545,673	\$61,912,013	\$ 645,540
Due from other governments	2,460,167	5,180,717	2,460,167	5,180,717
Total assets	<u>\$2,472,047</u>	<u>\$67,726,390</u>	<u>\$64,372,180</u>	<u>\$ 5,826,257</u>
LIABILITIES				
Accounts payable	\$ -	\$ 124,105	\$ 123,083	\$ 1,022
Due to other governments	2,472,047	67,602,285	64,249,097	5,825,235
Total liabilities	<u>\$2,472,047</u>	<u>\$67,726,390</u>	<u>\$64,372,180</u>	<u>\$ 5,826,257</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 FOR THE YEAR ENDED JUNE 30, 2009

	Clay City Community Unit #10	North Clay Community Unit #25	Flora Community Unit #35	Hutsonville Community Unit #1	Robinson Community Unit #2	Palestine Community Unit #3	Oblong Community Unit #4	Jasper County Community Unit #1	Red Hill Community Unit #10
General State Aid	1,113,653	2,296,618	4,518,238	1,137,833	2,434,027	1,892,160	2,387,138	1,064,514	3,593,772
General State Aid Hold Harmless/Supplemental	-	-	-	-	-	-	-	1,126,428	-
Transition Assitance	-	-	-	-	-	-	-	9,520	-
Special Ed - Private Facility Tuition	24,253	-	22,908	-	16,877	-	7,561	14,950	11,216
Special Ed - Extraordinary	38,928	74,475	154,091	43,023	181,671	44,913	73,814	161,852	109,228
Special Ed - Personnel	98,213	72,102	231,580	54,334	204,041	54,275	109,212	221,328	108,477
Special Ed - Orphanage - Individual	-	21,590	43,653	-	-	-	-	4,652	-
Special Ed - Summer School	2,383	-	2,763	-	470	-	-	521	3,201
Vocational Ed - Career & Technical Ed Improvement	-	-	-	-	-	-	-	-	-
Vocational Ed - Agriculture Education	-	-	-	-	-	-	-	-	-
Bilingual Education	-	-	-	-	-	-	-	-	-
State Free Lunch and Breakfast	3,080	5,440	12,686	3,654	13,865	2,090	4,855	10,055	8,205
School Breakfast Incentive	208	253	739	66	725	51	56	464	402
Driver Education	3,932	7,632	16,093	5,125	18,575	7,458	11,064	20,907	8,563
Transportation - Regular and Vocational	120,135	219,898	284,908	121,282	395,054	101,213	201,427	602,582	321,422
Transportation - Special Education	37,644	25,034	144,113	82,757	95,772	49,766	85,223	245,642	46,412
ROE School Bus Driver Training	-	-	-	-	-	-	-	-	-
National Board Certification Initiatives	-	-	19,500	-	82,500	-	5,000	-	4,000
Truants Alternative/Optional Education	-	-	-	-	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-	-	-	-	-
Early Childhood - Block Grant	60,243	127,736	276,315	98,359	222,980	50,181	137,564	97,294	180,065
Reading Improvement Block Grant	13,353	25,335	43,349	14,035	56,375	15,981	23,027	47,631	18,294
ROE/ISC Operations	-	-	-	-	-	-	-	-	-
Supervisory Expense	-	-	-	-	-	-	-	-	-
ADA Safety and Educational Block Grant	11,898	21,888	45,386	13,127	53,446	13,705	22,567	49,277	17,055
Technology - Learning Technology Centers	-	-	-	-	-	-	-	-	-
Title V - Innovative Programs Formula	-	-	206	-	420	-	17,012	26,804	-
Title IV - Rural Education	-	-	-	-	-	-	-	-	-
National School Lunch Program	54,358	106,206	242,495	72,394	226,288	45,398	87,489	197,706	128,667
Special Milk Program	547	1,266	3,282	-	-	-	-	-	1,668
School Breakfast Program	18,231	27,772	71,566	28,793	100,512	15,416	24,993	64,054	39,317
Summer Food Service Program	-	-	-	-	-	-	-	-	8,828
Child Nutrition	-	-	-	-	-	-	-	-	-
Title I - Low Income	96,915	167,150	171,867	80,346	286,537	110,891	122,179	313,922	189,655
Title I - Neg.Priv.	-	-	-	-	-	-	7,974	-	-
Title IV - Safe and Drug Free Sch - Formula	1,316	2,587	4,084	1,396	5,133	2,754	2,133	2,344	3,895
Title IV - Safe and Drug Free - State Level	-	-	-	-	-	-	-	-	-
Federal - Special Ed - IDEA - Room and Board	23,628	1,268	7,426	12,209	4,993	350	14,031	185,361	5,251
V.E. - Perkins - Title IIC - Secondary	-	-	-	-	-	-	-	-	-
Title II - Teacher Quality	27,724	44,938	61,529	26,044	94,423	34,118	19,328	105,277	60,657
Mathematics and Science Partnerships	-	-	-	-	-	-	-	-	-
Technology - Enhancing Education - Formula	901	1,557	1,792	802	2,555	1,120	1,284	2,640	5,015
ARRA State Aid	329,229	678,949	1,335,726	336,377	719,571	559,379	705,709	314,702	-
TOTAL	2,080,772	3,929,694	7,716,295	2,131,956	5,216,810	3,001,219	4,070,640	4,890,427	4,873,265

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 FOR THE YEAR ENDED JUNE 30, 2009

	Lawrence County Community Unit #20	East Richland Community Unit #1	West Richland Community Unit #2	Twin Rivers Regional Vocational System	Regional Office of Education #12	Clay-Jasper- Richland-N. Wayne Regional System	Total
General State Aid	4,565,166	5,501,468	1,415,057	-	299,461	-	32,219,105
General State Aid Hold Harmless/Supplemental	-	-	-	-	-	-	1,126,428
Transition Assistance	-	-	-	-	-	-	9,520
Special Ed - Private Facility Tuition	183	41,928	-	-	-	-	139,876
Special Ed - Extraordinary	139,517	228,642	45,767	-	-	-	1,295,921
Special Ed - Personnel	136,323	272,268	56,877	-	-	-	1,619,030
Special Ed - Orphanage - Individual	23,523	-	-	-	-	-	93,418
Special Ed - Summer School	1,321	5,100	-	-	-	-	15,759
Vocational Ed - Career & Technical Ed Improvement	-	-	-	208,119	-	285,652	493,771
Vocational Ed - Agriculture Education	-	-	-	9,758	-	26,445	36,203
Bilingual Education	1,149	-	-	-	-	-	1,149
State Free Lunch and Breakfast	9,676	16,554	2,663	-	-	-	92,823
School Breakfast Incentive	396	24	229	-	-	-	3,613
Driver Education	17,125	27,887	6,295	-	-	-	150,656
Transportation - Regular and Vocational	275,508	386,579	95,405	-	-	-	3,125,413
Transportation - Special Education	114,903	191,754	53,412	-	-	-	1,172,432
ROE School Bus Driver Training	-	-	-	-	908	-	908
National Board Certification Initiatives	13,000	12,000	-	-	-	-	136,000
Truants Alternative/Optional Education	-	77,749	-	-	396,575	-	474,324
Regional Safe Schools	-	-	-	-	118,381	-	118,381
Early Childhood - Block Grant	176,647	256,374	67,081	-	658,932	-	2,409,771
Reading Improvement Block Grant	48,484	74,508	15,813	-	-	-	396,185
ROE/ISC Operations	-	-	-	-	64,203	-	64,203
Supervisory Expense	-	-	-	-	5,000	-	5,000
ADA Safety and Educational Block Grant	42,840	68,280	12,414	-	-	-	371,883
Technology - Learning Technology Centers	-	-	-	-	188,045	-	188,045
Title V - Innovative Programs Formula	-	-	-	-	-	-	44,442
Title IV - Rural Education	32,104	-	-	-	-	-	32,104
National School Lunch Program	174,035	320,281	53,346	-	-	-	1,708,663
Special Milk Program	-	2,023	-	-	-	-	8,786
School Breakfast Program	57,583	93,376	13,843	-	-	-	555,856
Summer Food Service Program	-	-	-	-	-	-	8,828
Child Nutrition	-	893	-	-	-	-	893
Title I - Low Income	329,145	472,782	85,802	-	-	-	2,427,191
Title I - Neg.Priv.	-	-	-	-	-	-	7,974
Title IV - Safe and Drug Free Sch - Formula	4,140	7,498	1,445	-	-	-	38,725
Title IV - Safe and Drug Free - State Level	-	-	-	-	166,949	-	166,949
Federal - Special Ed - IDEA - Room and Board	1,394	212,888	-	-	-	-	468,799
V.E. - Perkins - Title IIC - Secondary	-	-	-	68,054	-	81,181	149,235
Title II - Teacher Quality	115,705	141,053	27,012	-	-	-	757,808
Mathematics and Science Partnerships	-	46,328	-	-	-	-	46,328
Technology - Enhancing Education - Formula	2,792	4,016	798	-	-	-	25,272
ARRA State Aid	1,349,599	1,626,398	418,333	-	88,530	-	8,462,503
TOTAL	7,632,658	10,088,651	2,371,592	285,931	1,986,984	393,278	60,670,172

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # or Contract #	Federal Expenditures 7/1/08 - 6/30/09
U.S. Department of Education			
Passed through the Illinois State Board of Education			
Safe and Drug-Free Schools and Communities - State Grants -			
Title IV - Safe & Drug Free Schools	84.186A	08-4415-00	\$ 84,846
Title IV - Safe & Drug Free Schools	84.186A	09-4415-00	147,241
Total Title IV - Safe & Drug Free Schools			<u>232,087</u> (M)
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act -			
Truant Alternative/Optional Education (ARRA - General State Aid)	84.394A	09-4850-92	42,372
Regional Safe Schools (ARRA - General State Aid)	84.394A	09-4850-93	37,242
Total ARRA-General State Aid			<u>79,614</u>
Total passed through the Illinois State Board of Education			<u>311,701</u>
Passed through the Illinois State Board of Education passed through Regional Office of Education #21			
Education for Homeless Children and Youth -			
McKinney Education for Homeless Children	84.196A	09-4920-00	26,381 (M)
Total passed through the Illinois State Board of Education passed through Regional Office of Education #21			<u>26,381</u>
CFDA #84.367A passed through the Illinois State Board of Education passed through Regional Office of Education #11 and passed through Regional Office of Education #25			
Improving Teacher Quality State Grants -			
Standards Aligned Classroom	84.367A	09-4999-00	14,918
Total passed through the Illinois State Board of Education passed through Regional Office of Education #11 and passed through Regional Office of Education #25			<u>14,918</u>
Passed through the Illinois State Board of Education passed through Regional Office of Education #2			
Improving Teacher Quality State Grants -			
Title II Teacher Quality - Leadership Grant	84.367A	08-4935-SS	1,697
Title II Teacher Quality - Leadership Grant	84.367A	09-4935-SS	47,689
Total Title II Teacher Quality - Leadership Grant			<u>49,386</u>
National Boards (STANCE)	84.367A	09-4935-SS	1,239
Total CFDA #84.367A			<u>65,543</u>
Title I Grants to Local Educational Agencies -			
System of Support (RESPRO)			
Title I School Improvement and Accountability	84.010A	08-4331-SS	680
Title I School Improvement and Accountability	84.010A	09-4331-SS	75,340
Total Title I School Improvement and Accountability			<u>76,020</u>
Total passed through the Illinois State Board of Education passed through Regional Office of Education #2			<u>126,645</u>
Total U.S. Department of Education			<u>\$ 479,645</u>

(M) - Major program

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Regional Office of Education #12 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

None

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAMS

Title IV- Safe and Drug Free Schools - To account for grant monies received to provide safe school professional development activities to educators throughout the State of Illinois.

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

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR GUARANTEES OUSTANDING

None