

**State of Illinois  
PEORIA COUNTY  
REGIONAL OFFICE OF EDUCATION #48  
FINANCIAL AUDIT  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)  
For the Year Ended June 30, 2012**

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

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PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
OFFICIALS

Regional Superintendent  
(Current and During the Audit Period)

Mr. Gerald M. Brookhart

Assistant Regional Superintendent  
(Current and During the Audit Period)

Ms. Elizabeth Crider Derry

Offices are located at:

Peoria County Regional Office of Education  
324 Main Street  
Peoria, IL 61602

Two Rivers & Area III  
10112 W. Dubois Rd.  
Edwards, IL 61528

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
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.

AUDITOR'S REPORTS

The auditor's reports on compliance and internal control 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	2	3
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	1	2

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

An additional 3 matters, which are less than a significant deficiency or material weakness but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditor's reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
12-1	12a	Inadequate Internal Controls Over Compliance	Material Weakness
12-2	12c	Controls Over Financial Statement Preparation	Material Weakness

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
COMPLIANCE REPORT SUMMARY (Concluded)

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
12-1	12a	Inadequate Internal Controls Over Compliance	Material Weakness

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

11-3	15	Departure from Generally Accepted Accounting Principle	
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PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 23, 2012. Attending were Gerald Brookhart, Regional Superintendent, and Michelle D. Smith, Partner, Kemper CPA Group LLP. Responses to the recommendations were provided by Gerald Brookhart, Regional Superintendent on October 2, 2012.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Peoria County Regional Office of Education #48 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48, as of and for the year ended June 30, 2012, which collectively comprise the Peoria County Regional Office of Education #48's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Peoria County Regional Office of Education #48's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Peoria County Regional Office of Education #48, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 9, 2013, on our consideration of the Peoria County Regional Office of Education #48's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Funding Progress, and Other Post Employment Benefits Schedule of Funding Progress on pages 16a-16g, 58, and 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Peoria County Regional Office of Education #48's financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Evansville, Indiana  
January 9, 2013



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Peoria County Regional Office of Education #48, as of and for the year ended June 30, 2012, which collectively comprise the Peoria County Regional Office of Education #48's basic financial statements and have issued our report thereon dated January 9, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Peoria County Regional Office of Education #48 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Peoria County Regional Office of Education #48's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Peoria County Regional Office of Education #48's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Peoria County Regional Office of Education #48's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in the accompanying Schedule of Findings and Questioned Costs as items 12-1 and 12-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Peoria County Regional Office of Education #48's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Peoria County Regional Office of Education #48 in a separate letter dated January 9, 2013.

Peoria County Regional Office of Education #48's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Peoria County Regional Office of Education #48's responses and, accordingly, express no opinion on the responses.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the 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*

Evansville, Indiana  
January 9, 2013



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

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the Peoria County Regional Office of Education #48's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Peoria County Regional Office of Education #48's major federal programs for the year ended June 30, 2012. The Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48's management. Our responsibility is to express an opinion on the Peoria County Regional Office of Education #48's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48's compliance with those requirements.

In our opinion, the Peoria County Regional Office of Education #48 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Peoria County Regional Office of Education #48 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 Peoria County Regional Office of Education #48's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Peoria County Regional Office of Education #48's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 12-1 to be a material weakness.

Peoria County Regional Office of Education #48's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Peoria County Regional Office of Education #48's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the 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*  
Evansville, Indiana  
January 9, 2013

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2012

**SECTION 1 – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
● Material weaknesses identified?	Yes
● Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
● Material weakness identified?	Yes
● Significant deficiency identified?	None reported
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:	
<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.010A	Title I – Title I Grants to Local Educational Agencies System of Support (Title I – School Improvement and Accountability)

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	No

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding No. 12-1– Inadequate Internal Controls over Compliance (Partial repeat of 11-1)**

Federal Program Name: Title I Grants to Local Educational Agencies

Project #'s: 12-4331-SS, 11-4331-SS

CFDA#: 84.010

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

**Criteria/Specific Requirement:**

As a recipient of federal, State, and local funds from various grantor agencies, the Regional Office must incorporate certain procedures into their operations in order to comply with the grant agreements with these entities. In addition, the Regional Office must supply any subrecipients of its federal awards with certain information on the related federal program. The Regional Office must also monitor their subrecipients to ensure they are having an annual audit and correcting any findings noted in audits.

**Condition:**

1. During testing of information provided to subrecipients of this program, it was noted that the information did not include the name of the awarding federal agency and there was no statement that the subrecipient signed stating they were informed, understood, and agreed to comply with the applicable compliance requirements.
2. During compliance testing of fixed assets purchased with this grant funding, it was noted that assets listed on the depreciation schedule that were no longer in use or on hand had not been removed from the depreciation schedule.
3. During compliance testing of subrecipient monitoring, it was noted that during the year ended June 30, 2012, the Regional Office had no procedures in place to determine if the subrecipient had taken corrective action for any audit findings for their audit.

**Questioned Costs:**

There are no questioned costs associated with any of the conditions noted.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 12-1– Inadequate Internal Controls over Compliance (Partial Repeat of 11-1)  
(Concluded)**

**Context:**

1. N/A
2. Three assets in our sample of ten were no longer in service or on hand and were not removed from the depreciation listing.
3. The Regional Office provided \$434,542 to subrecipients during FY 12.

**Effect:**

The Regional Office is not in compliance with the requirements of this federal program.

**Cause:**

According to Regional Office management:

1. This agreement was signed in early FY 12 when ROE staff was not aware of all the required information needing to be communicated in subrecipient agreements.
2. The Regional Office does not have procedures in place to properly track all fixed assets that were purchased with federal funding.
3. The Regional Office was not aware of the proper monitoring procedures related to subrecipients.

**Recommendation:**

1. Regional Office staff should review all compliance requirements related to information required to be communicated to subrecipients prior to sending any federal funding to the subrecipients.
2. The Regional Office should have procedures in place to ensure all fixed assets purchased with federal funding are accurately tracked when purchased and removed when the asset is no longer in service or on hand.
3. The Regional Office should develop written procedures to ensure subrecipients take corrective action for audit findings related to their funding.

**Management's Response:**

1. The Regional Office has revised subrecipient agreements to include appropriate wording in the Intergovernmental Agreement document which is signed by the subrecipient. The Regional Office will continue to review the agreements to ensure that required information is included.
2. The Regional Office will ensure that there are procedures in place to properly track all fixed assets that are purchased with federal funding and perform periodic inventories as required.
3. The Regional Office has developed proper monitoring procedures which determine if the subrecipient has taken corrective action for any audit findings that may have a direct and material impact on programs funded by the Regional Office.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 12-2– Controls Over Financial Statement Preparation (Repeat of Finding 11-2, 10-2, 09-3, 08-3 and 07-1)**

**Criteria/Specific Requirement:**

The Regional Office of Education #48 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #48 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of some accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted that material adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles and the Regional Office had not recorded an allowance for uncollectible accounts receivable.

**Effect:**

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

**Cause:**

According to Regional Office officials, although they have hired an outside Certified Public Accountant (CPA) to help review financials, there was not adequate funding to employ a full-time CPA to review the financials on a continuous basis.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 12-2– Controls Over Financial Statement Preparation (Repeat of Finding 11-2, 10-2, 09-3, 08-3 and 07-1) (Concluded)**

**Recommendation:**

As part of internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #48 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Office is working to implement controls and procedures to improve the accounting records that underlie the financial statements in order to reduce and eliminate the material adjustments required to present the financial statements in accordance with generally accepted accounting principles. While the Regional Office has from time to time hired a CPA to work on special projects, the Regional Office is investigating employment of a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements and knowledge of the Regional Office of Education's activities and operations.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:**

**INSTANCES OF NONCOMPLIANCE:**

None

**MATERIAL WEAKNESSES:**

**Finding No. 12-1 – Inadequate Internal Controls over Compliance** (details on pages 12a-12b)

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

**Corrective Action Plan**

**Finding No. 12-1– Inadequate Internal Controls over Compliance (Partial Repeat of Finding 11-1)**

**Condition:**

1. During testing of information provided to subrecipients of this program, it was noted that the information did not include the name of the awarding federal agency and there was no statement that the subrecipient signed stating they were informed, understood, and agreed to comply with the applicable compliance requirements.
2. During compliance testing of fixed assets purchased with this grant funding, it was noted that assets listed on the depreciation schedule that were no longer in use or on hand had not been removed from the depreciation schedule.
3. During compliance testing of subrecipient monitoring, it was noted that during the year ended June 30, 2012, the Regional Office had no procedures in place to determine if the subrecipient had taken corrective action for any audit findings for their audit.

**Plan:**

1. The Regional Office has revised subrecipient agreements to include appropriate wording in the Intergovernmental Agreement document which is signed by the subrecipient. The Regional Office will continue to review the agreements to ensure that required information is included.
2. The Regional Office will ensure that there are procedures in place to properly track all fixed assets that are purchased with federal funding and perform periodic inventories as required.
3. The Regional Office has developed proper monitoring procedures which determine if the subrecipient has taken corrective action for any audit findings that may have a direct and material impact on programs funded by the Regional Office.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Honorable Gerald Brookhart, Regional Superintendent of Schools

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

**Corrective Action Plan (Concluded)**

**Finding No. 12-2– Controls Over Financial Statement Preparation (Repeat of Finding 11-2, 10-2, 09-3, 08-3 and 07-1)**

**Condition:**

The Regional Office of Education #48 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of some accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted that material adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles and the Regional Office had not recorded an allowance for uncollectible accounts receivable.

**Plan:**

The Regional Office is working to implement controls and procedures to improve the accounting records that underlie the financial statements in order to reduce and eliminate the material adjustments required to present the financial statements in accordance with generally accepted accounting principles. While the Regional Office has from time to time hired a CPA to work on special projects, the Regional Office is investigating employment of a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements and knowledge of the Regional Office of Education's activities and operations.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Honorable Gerald Brookhart, Regional Superintendent of Schools

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
11-1	Inadequate Internal Controls Over Compliance	Partially Repeated as Finding 12-1
11-2	Controls Over Financial Statement Preparation	Repeated as Finding 12-2
11-3	Departure from Generally Accepted Accounting Principle	Corrected

## MANAGEMENT'S DISCUSSION AND ANALYSIS

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

The Regional Office of Education #48 for the County of Peoria 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 2012 that ended on June 30, 2012. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

**2012 FINANCIAL HIGHLIGHTS**

- Within the Governmental Funds, the General Fund revenues increased by \$954,757 from \$1,114,399 in fiscal year 2011 to \$2,069,156 in fiscal year 2012. General Fund expenditures increased by \$894,618 from \$1,126,687 in fiscal year 2011 to \$2,021,305 in fiscal year 2012. The increases in expenditures and revenues are due to the addition of the Peoria Regional High School to our programs offered in 2012.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$2,177,473 from \$4,386,597 in fiscal year 2011 to \$2,209,124 in fiscal year 2012. The Special Revenue Fund expenditures decreased by \$1,227,034 from \$3,528,108 in fiscal year 2011 and then to \$2,301,074 in fiscal year 2012. The majority of the revenue and expenditure decreases are due to a significant decrease in both local funds and state grant funds within the Education Fund. Additionally, due to late payments from the State in previous years, the decision was made not to accept certain state grants, as doing so would potentially impact the fiscal viability of the Regional Office.

**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 detailed information for each category of funds and about the non-major funds.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

**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 #48 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 actions by officials at the state level need to be considered.

The government-wide financial statements present the Office's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

The fund financial statements provide detailed information about the Peoria County 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 #48 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- 1) Government 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, Education Fund, Learning Technology Center, School Improvement Grant, Title II Co-op, and various other non-major funds.

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

- 2) Fiduciary funds are used to account for assets held by the Regional Office of Education #48 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 operations.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

**REPORTING THE OFFICE AS A WHOLE (CONTINUED)**

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

- 3) Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE's enterprise funds include the following: Local Workshops Fund, Illinois Virtual School Fund, and various other non-major enterprise funds.

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

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

**OFFICE-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 fiscal year 2012 totaled \$3,650,251. At the end of fiscal year 2011, the net assets were \$3,099,249. The analysis that follows provides a summary of the Office's net assets as of June 30, 2012 and June 30, 2011, for the governmental and business-type activities.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current assets	\$ 675,269	\$ 934,550	\$ 3,132,462	\$ 2,579,671	\$ 3,807,731	\$ 3,514,221
Capital assets	62,392	76,463	35,864	32,798	98,256	109,261
Total assets	<u>737,661</u>	<u>1,011,013</u>	<u>3,168,326</u>	<u>2,612,469</u>	<u>3,905,987</u>	<u>3,623,482</u>
Current liabilities	168,529	443,524	83,823	72,455	252,352	515,979
Noncurrent liabilities	-	-	3,384	8,254	3,384	8,254
Total liabilities	<u>168,529</u>	<u>443,524</u>	<u>87,207</u>	<u>80,709</u>	<u>255,736</u>	<u>524,233</u>
Net assets:						
Invested in capital assets, net of related debt	62,392	76,463	27,610	19,911	90,002	96,374
Unrestricted	293,855	296,780	3,053,509	2,511,849	3,347,364	2,808,629
Restricted for educational purposes	212,885	194,246	-	-	212,885	194,246
Total net assets	<u>\$ 569,132</u>	<u>\$ 567,489</u>	<u>\$ 3,081,119</u>	<u>\$ 2,531,760</u>	<u>\$ 3,650,251</u>	<u>\$ 3,099,249</u>

The Peoria County Regional Office of Education's net assets increased by \$551,002 from FY11. The significant increase occurred primarily as a result of the full implementation and expansion of the Illinois Virtual School throughout high schools across the State of Illinois, as well as aggressive cost cutting measures and seeking out alternative revenue sources due to on-going cash flow issues caused by the State of Illinois' funding delays and reductions.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ -	\$ -	\$ 3,778,860	\$ 2,571,453	\$ 3,778,860	\$ 2,571,453
Operating grants and contributions	3,641,951	2,028,169	-	-	3,641,951	2,028,169
General revenues						
Local sources	491,960	368,444	-	-	491,960	368,444
State sources	(501,371)	997,566	-	-	(501,371)	997,566
Investment earnings	9,676	42	231	170	9,907	212
On behalf payments	867,082	941,548	-	-	867,082	941,548
Loss on disposal of assets	(6,408)	(874)	-	(5,530)	(6,408)	(6,404)
Transfers	(250,131)	2,324	250,131	(2,324)	-	-
Total revenues	<u>\$ 4,252,759</u>	<u>\$ 4,337,219</u>	<u>\$ 4,029,222</u>	<u>\$ 2,563,769</u>	<u>\$ 8,281,981</u>	<u>\$ 6,900,988</u>
<b>Expenses:</b>						
Program expenses						
Salaries and benefits	\$ 1,458,337	\$ 1,477,103	\$ 1,204,759	\$ 1,255,809	\$ 2,663,096	\$ 2,732,912
Purchased services	1,447,255	715,243	373,846	561,575	1,821,101	1,276,818
Supplies and materials	201,197	71,620	22,303	16,130	223,500	87,750
Payments to other governments	671,694	1,073,401	3,126	21,121	674,820	1,094,522
Capital outlay	-	-	-	-	-	-
Depreciation expense	64,335	51,400	15,046	12,685	79,381	64,085
Other objects	6,430	5,261	379	401	6,809	5,662
Bad debt expense	-	-	-	45,350	-	45,350
Interest expense	-	-	765	539	765	539
Administrative expenses						
On-behalf payments - Local	299,305	294,982	-	-	299,305	294,982
On-behalf payments - State	567,777	646,566	-	-	567,777	646,566
Total expenses	<u>\$ 4,716,330</u>	<u>\$ 4,335,576</u>	<u>\$ 1,620,224</u>	<u>\$ 1,913,610</u>	<u>\$ 6,336,554</u>	<u>\$ 6,249,186</u>
Change in net assets	\$ (463,571)	\$ 1,643	\$ 2,408,998	\$ 650,159	\$ 1,945,427	\$ 651,802
Net assets beginning of year (As restated)	<u>1,031,060</u>	<u>567,489</u>	<u>122,762</u>	<u>2,430,960</u>	<u>1,153,822</u>	<u>2,998,449</u>
Net assets end of year	<u>\$ 567,489</u>	<u>\$ 569,132</u>	<u>\$ 2,531,760</u>	<u>\$ 3,081,119</u>	<u>\$ 3,099,249</u>	<u>\$ 3,650,251</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Governmental Activities**

Revenues for governmental activities were \$4,337,219 and expenses were \$4,335,576 for the year ended June 30, 2012. Revenues for governmental activities were \$4,252,759 and expenses were \$4,716,330 for the year ended June 30, 2011. The increase in revenues is due primarily to the addition of the Peoria Regional High School. Also, as mentioned previously, due to late payments from the State of Illinois, the decision was made not to accept certain state grants, as doing so would potentially impact the fiscal viability of the Regional Office. This resulted in a reduction in the number of programs the Regional Office offered. The decrease in expenses is a result of this reduction in programs for FY 12.

**Financial Analysis of the Peoria County Regional Office of Education #48 Funds**

As previously noted, the Peoria County Regional Office of Education #48 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's Governmental Funds reported combined fund balances of \$233,054 at June 30, 2012 compared to fiscal year 2011's ending fund balance of \$274,787. There was a decrease in fund balances due to the general operations of the Regional Office of Education.

**Budgetary Highlights**

The Peoria County Regional Office of Education #48 annually adopts budgets for several funds. The Institute Fund Budget, the Direct Services Budget and the Special Funds Budget are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the Peoria County Board for their approval. The Office Operations Budget covers a fiscal year that runs from January 1 to December 31. All grant budgets are prepared by the Peoria County Regional Office of Education #48 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Office's actual financial activity are included in the supplementary information of this report.

**Capital Assets**

Capital Assets of the Peoria County Regional Office of Education #48 include office equipment, computers, audio-visual equipment, and office furniture. The Peoria County Regional Office of Education #48 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2012, Peoria County Regional Office of Education #48 purchased assets totaling \$59,484 and disposed of assets totaling \$60,622, resulting in an ending balance of \$599,165. In addition, the Peoria County Regional Office of Education #48 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 7 of the financial statements.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Economic Factors and Next Year's Budget**

At the time these financial statements were prepared and audited, the Peoria County Regional Office of Education #48 was aware of several existing circumstances that could affect its financial health in the future:

- Due to continuing uncertainties in funding from the State of Illinois, all State-funded grant programs for FY13 have been voluntarily eliminated or reduced by the Peoria Regional Office of Education except those that are self-sustaining through district and local workshops and grants.
- The Regional Office will continue in FY13 as the primary administrator and fiscal agent for the \$1.2 million Illinois Virtual School project for the entire State of Illinois, including Chicago.

**Contacting the Regional Office's Financial Management**

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate 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 Peoria County Regional Office of Education #48 at 324 Main St., Room 401, Peoria, IL 61602.

## BASIC FINANCIAL STATEMENTS

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 532,378	\$ 1,916,199	\$ 2,448,577
Due (to) from other funds	(448,979)	448,979	-
Due from other governments:			
Local, net of allowance	47,261	759,708	806,969
State	91,067	-	91,067
Federal	447,247	-	447,247
Prepaid expenses	6,295	7,576	13,871
Total current assets	<u>675,269</u>	<u>3,132,462</u>	<u>3,807,731</u>
<b>NONCURRENT ASSETS:</b>			
Capital assets, net of depreciation	<u>62,392</u>	<u>35,864</u>	<u>98,256</u>
<b>TOTAL ASSETS</b>	<u>737,661</u>	<u>3,168,326</u>	<u>3,905,987</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	84,225	34,068	118,293
Lease payable	-	4,870	4,870
Accrued payroll and employee benefits	2,503	44,885	47,388
Due to other governments:			
State	56,653	-	56,653
Deferred revenue	25,148	-	25,148
Total current liabilities	<u>168,529</u>	<u>83,823</u>	<u>252,352</u>
<b>NONCURRENT LIABILITIES:</b>			
Lease payable	<u>-</u>	<u>3,384</u>	<u>3,384</u>
<b>TOTAL LIABILITIES</b>	<u>168,529</u>	<u>87,207</u>	<u>255,736</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	62,392	27,610	90,002
Unrestricted	293,855	3,053,509	3,347,364
Restricted for educational purposes	212,885	-	212,885
<b>TOTAL NET ASSETS</b>	<u>\$ 569,132</u>	<u>\$ 3,081,119</u>	<u>\$ 3,650,251</u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT:</b>						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 1,477,103	\$ -	\$ 784,235	\$ (692,868)	\$ -	\$ (692,868)
Purchased services	715,243	-	327,251	(387,992)	-	(387,992)
Supplies and materials	71,620	-	96,356	24,736	-	24,736
Other objects	5,261	-	130	(5,131)	-	(5,131)
Depreciation	51,400	-	-	(51,400)	-	(51,400)
Capital outlay	-	-	38,203	38,203	-	38,203
Payments to other governments	1,073,401	-	781,994	(291,407)	-	(291,407)
Administrative:						
On-behalf payments - Local	294,982	-	-	(294,982)	-	(294,982)
On-behalf payments - State	646,566	-	-	(646,566)	-	(646,566)
Total Governmental Activities	<u>4,335,576</u>	<u>-</u>	<u>2,028,169</u>	<u>(2,307,407)</u>	<u>-</u>	<u>(2,307,407)</u>
Business-type Activities:						
Registration fees	192,529	118,741	-	-	(73,788)	(73,788)
Local revenues	78,666	70,659	-	-	(8,007)	(8,007)
Tuition and subscriptions	1,642,415	2,382,053	-	-	739,638	739,638
Total Business-type Activities	<u>1,913,610</u>	<u>2,571,453</u>	<u>-</u>	<u>-</u>	<u>657,843</u>	<u>657,843</u>
Total Primary Government	<u>\$ 6,249,186</u>	<u>\$ 2,571,453</u>	<u>\$ 2,028,169</u>	<u>(2,307,407)</u>	<u>657,843</u>	<u>(1,649,564)</u>
General Revenues:						
Local sources				368,444	-	368,444
State sources				997,566	-	997,566
Federal sources				-	-	-
On-behalf payments - Local				294,982	-	294,982
On-behalf payments - State				646,566	-	646,566
Loss on disposal of equipment				(874)	(5,530)	(6,404)
Investment income				42	170	212
Transfers				2,324	(2,324)	-
Total General Revenues and Transfers				<u>2,309,050</u>	<u>(7,684)</u>	<u>2,301,366</u>
Change in net assets				1,643	650,159	651,802
Net Assets - beginning (Restated-See Note 13)				567,489	2,430,960	2,998,449
Net Assets - ending				<u>\$ 569,132</u>	<u>\$ 3,081,119</u>	<u>\$ 3,650,251</u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General Fund	Education Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 271,307	\$ 102,825	\$ 158,246	\$ -	\$ 532,378
Due from other funds	5,882	-	-	(5,882)	-
Due from other governments:					
Local	47,261	-	-	-	47,261
State	-	91,067	-	-	91,067
Federal	-	447,247	-	-	447,247
Prepaid expenses	2,913	3,382	-	-	6,295
<b>TOTAL ASSETS</b>	<b>\$ 327,363</b>	<b>\$ 644,521</b>	<b>\$ 158,246</b>	<b>\$ (5,882)</b>	<b>\$ 1,124,248</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 9,198	\$ 74,465	\$ 562	\$ -	\$ 84,225
Accrued payroll and employee benefits	-	2,503	-	-	2,503
Due to other funds	27,692	427,169	-	(5,882)	448,979
Due to other governments:					
State	-	56,653	-	-	56,653
Deferred revenue	-	298,834	-	-	298,834
<b>Total liabilities</b>	<b>36,890</b>	<b>859,624</b>	<b>562</b>	<b>(5,882)</b>	<b>891,194</b>
<b>FUND BALANCE (DEFICIT):</b>					
Nonspendable	2,913	3,382	-	-	6,295
Restricted	-	55,201	157,684	-	212,885
Assigned	232,528	-	-	-	232,528
Unassigned	55,032	(273,686)	-	-	(218,654)
<b>Total fund balance (deficit)</b>	<b>290,473</b>	<b>(215,103)</b>	<b>157,684</b>	<b>-</b>	<b>233,054</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 327,363</b>	<b>\$ 644,521</b>	<b>\$ 158,246</b>	<b>\$ (5,882)</b>	<b>\$ 1,124,248</b>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

Total fund balances - governmental funds	\$	233,054
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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.	62,392
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Revenues in the Statement of Activities that do not provide current financial resources, and are not reported as revenues in the funds.	<u>273,686</u>
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Net assets of governmental activities	<u><u>\$</u></u>	<u>569,132</u>
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The notes to the financial statements are an integral part of this statement.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Education Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 266,332	\$ -	\$ 102,112	\$ -	\$ 368,444
State sources	861,276	719,475	1,200	-	1,581,951
Federal sources	-	1,386,337	-	-	1,386,337
On-behalf payments - Local	294,982	-	-	-	294,982
On-behalf payments - State	646,566	-	-	-	646,566
Total revenues	<u>2,069,156</u>	<u>2,105,812</u>	<u>103,312</u>	<u>-</u>	<u>4,278,280</u>
<b>EXPENDITURES</b>					
Instructional Services					
Salaries and benefits	401,002	1,073,037	3,064	-	1,477,103
Purchased services	203,074	451,294	60,875	-	715,243
Supplies and materials	11,812	50,267	9,541	-	71,620
Other objects	4,861	150	250	-	5,261
Payments to other governments	459,008	614,393	-	-	1,073,401
On-behalf payments - Local	294,982	-	-	-	294,982
On-behalf payments - State	646,566	-	-	-	646,566
Capital outlay	-	38,203	-	-	38,203
Total expenditures	<u>2,021,305</u>	<u>2,227,344</u>	<u>73,730</u>	<u>-</u>	<u>4,322,379</u>
Excess/(Deficiency) of revenues over expenditures	<u>47,851</u>	<u>(121,532)</u>	<u>29,582</u>	<u>-</u>	<u>(44,099)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	6,475	-	(6,475)	-
Transfers out	(1,886)	(2,265)	-	6,475	2,324
Interest income	14	19	9	-	42
Total other financing sources (uses)	<u>(1,872)</u>	<u>4,229</u>	<u>9</u>	<u>-</u>	<u>2,366</u>
Net change in fund balances	45,979	(117,303)	29,591	-	(41,733)
FUND BALANCE (DEFICIT) - BEGINNING	<u>244,494</u>	<u>(97,800)</u>	<u>128,093</u>	<u>-</u>	<u>274,787</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 290,473</u>	<u>\$ (215,103)</u>	<u>\$ 157,684</u>	<u>\$ -</u>	<u>\$ 233,054</u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances		\$ (41,733)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay	\$ 38,203	
Depreciation expense	(51,400)	
Loss on disposal of equipment	<u>(874)</u>	(14,071)
<p>Revenues reported in the Statement of Activities in the prior year that did not provide current financial resources, and were not reported as revenues in the funds.</p>		
<p>Reported in the funds in the current year:</p>		
State sources	(13,981)	
Federal sources	<u>(202,258)</u>	(216,239)
<p>Revenues in the Statement of Activities that do not provide current financial resources, and are not reported as revenues in the funds.</p>		
Deferred revenue		
State sources	\$ 1,774	
Federal sources	<u>271,912</u>	<u>273,686</u>
Change in net assets of governmental activities		<u><u>\$ 1,643</u></u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

	Business-type Activities Proprietary Funds			Eliminations	Totals
	Local Workshops	Illinois Virtual School	Nonmajor Proprietary Funds		
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 328,686	\$ 1,373,798	\$ 213,715	\$ -	\$ 1,916,199
Due from other funds	138,625	310,354	-	-	448,979
Due from other governments					
Local, net of allowance	12,376	745,064	2,268	-	759,708
Prepaid expenses	548	7,028	-	-	7,576
Total current assets	<u>480,235</u>	<u>2,436,244</u>	<u>215,983</u>	<u>-</u>	<u>3,132,462</u>
<b>Noncurrent assets:</b>					
Capital assets, net of depreciation	9,581	26,283	-	-	35,864
Total Assets	<u>489,816</u>	<u>2,462,527</u>	<u>215,983</u>	<u>-</u>	<u>3,168,326</u>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	1,723	32,345	-	-	34,068
Lease payable	4,870	-	-	-	4,870
Accrued payroll liabilities	-	44,885	-	-	44,885
Total current liabilities	<u>6,593</u>	<u>77,230</u>	<u>-</u>	<u>-</u>	<u>83,823</u>
<b>Noncurrent liabilities:</b>					
Lease payable, net of current	3,384	-	-	-	3,384
Total Liabilities	<u>9,977</u>	<u>77,230</u>	<u>-</u>	<u>-</u>	<u>87,207</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	1,327	26,283	-	-	27,610
Unrestricted	478,512	2,359,014	215,983	-	3,053,509
Total Net Assets	<u>\$ 479,839</u>	<u>\$ 2,385,297</u>	<u>\$ 215,983</u>	<u>\$ -</u>	<u>\$ 3,081,119</u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Proprietary Funds			Eliminations	Totals
	Local Workshops	Illinois Virtual School	Nonmajor Proprietary Funds		
Operating Revenues					
Registration fees	\$ 118,741	\$ -	\$ -	\$ -	\$ 118,741
Local revenues	-	-	70,659	-	70,659
Tuition and subscriptions	-	2,382,053	-	-	2,382,053
Total Operating Revenues	<u>118,741</u>	<u>2,382,053</u>	<u>70,659</u>	<u>-</u>	<u>2,571,453</u>
Operating Expenses					
Salaries and benefits	98,345	1,124,687	32,777	-	1,255,809
Purchased services	78,562	459,218	23,795	-	561,575
Supplies and materials	2,494	8,238	5,398	-	16,130
Payments to other governments	4,517	-	16,604	-	21,121
Other objects	309	-	92	-	401
Bad debt expense	-	45,350	-	-	45,350
Depreciation	7,763	4,922	-	-	12,685
Total operating expenses	<u>191,990</u>	<u>1,642,415</u>	<u>78,666</u>	<u>-</u>	<u>1,913,071</u>
Operating Income (Loss)	<u>(73,249)</u>	<u>739,638</u>	<u>(8,007)</u>	<u>-</u>	<u>658,382</u>
Nonoperating Revenue (Expense)					
Interest income	26	130	14	-	170
Interest expense	(539)	-	-	-	(539)
Loss on disposal of equipment	-	(5,530)	-	-	(5,530)
Total nonoperating revenue (expense)	<u>(513)</u>	<u>(5,400)</u>	<u>14</u>	<u>-</u>	<u>(5,899)</u>
Income (Loss) Before Transfers	<u>(73,762)</u>	<u>734,238</u>	<u>(7,993)</u>	<u>-</u>	<u>652,483</u>
Transfers in	62	96,949	75,407	(41,677)	130,741
Transfers out	(80,041)	(94,701)	-	41,677	(133,065)
Total transfers	<u>(79,979)</u>	<u>2,248</u>	<u>75,407</u>	<u>-</u>	<u>(2,324)</u>
Change in Net Assets	(153,741)	736,486	67,414	-	650,159
Net Assets- Beginning (Restated- See Note 13)	<u>633,580</u>	<u>1,648,811</u>	<u>148,569</u>	<u>-</u>	<u>2,430,960</u>
Net Assets - Ending	<u>\$ 479,839</u>	<u>\$ 2,385,297</u>	<u>\$ 215,983</u>	<u>\$ -</u>	<u>\$ 3,081,119</u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities Proprietary Funds			Totals
	Local	Illinois Virtual	Nonmajor	
	Workshops	School	Proprietary Funds	
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 133,067	\$ 2,289,564	\$ 76,016	\$ 2,498,647
Payments to suppliers and providers of goods and services	(84,713)	(431,403)	(45,889)	(562,005)
Payments to employees	(99,022)	(1,141,010)	(32,777)	(1,272,809)
Net cash provided by (used for) operating activities	<u>(50,668)</u>	<u>717,151</u>	<u>(2,650)</u>	<u>663,833</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of capital assets	(3,680)	(17,601)	-	(21,281)
Principal paid on lease obligations	(4,633)	-	-	(4,633)
Interest paid on lease obligations	(539)	-	-	(539)
Net cash (used for) capital and related financing activities	<u>(8,852)</u>	<u>(17,601)</u>	<u>-</u>	<u>(26,453)</u>
<b>Cash Flows from Investing Activities</b>				
Interest earned from investments	26	130	14	170
Net cash provided by investing activities	<u>26</u>	<u>130</u>	<u>14</u>	<u>170</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Cash payments to other funds	(98,109)	(94,701)	-	(192,810)
Cash payments from other funds	(42,416)	134,592	75,407	167,583
Net cash provided by (used for) noncapital financing activities	<u>(140,525)</u>	<u>39,891</u>	<u>75,407</u>	<u>(25,227)</u>
Net increase (decrease) in cash and cash equivalents	(200,019)	739,571	72,771	612,323
Cash and cash equivalents - Beginning	528,705	634,227	140,944	1,303,876
Cash and cash equivalents - Ending	<u>\$ 328,686</u>	<u>\$ 1,373,798</u>	<u>\$ 213,715</u>	<u>\$ 1,916,199</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ (73,249)	\$ 739,638	\$ (8,007)	\$ 658,382
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>				
Depreciation	7,763	4,922	-	12,685
Provision for bad debt	-	45,350	-	45,350
<b>Change in assets and liabilities:</b>				
(Increase)/Decrease in prepaid expenses	(548)	9,639	-	9,091
(Increase) / Decrease in due from other governments	14,326	(92,489)	5,357	(72,806)
Increase / (Decrease) in accrued payroll	(677)	(16,323)	-	(17,000)
Increase / (Decrease) in accounts payable	1,717	26,414	-	28,131
Net cash provided by (used for) operating activities	<u>\$ (50,668)</u>	<u>\$ 717,151</u>	<u>\$ (2,650)</u>	<u>\$ 663,833</u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	Peoria Promise Foundation Private Purpose Trust Fund	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 19,232
Due from other governments	5,559	778,212
TOTAL ASSETS	<u>5,559</u>	<u>\$ 797,444</u>
<b>LIABILITIES</b>		
Due to other governments	\$ -	\$ 797,444
Accounts payable	9,339	-
TOTAL LIABILITIES	<u>9,339</u>	<u>\$ 797,444</u>
<b>NET ASSETS</b>		
Reserved for scholarships	<u>\$ (3,780)</u>	

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Peoria Promise Foundation Private Purpose Trust Fund
ADDITION	
Donations	\$ 63,251
DEDUCTION	
Salaries and benefits	63,574
CHANGE IN NET ASSETS	(323)
NET ASSETS, BEGINNING OF YEAR	(3,457)
NET ASSETS, END OF YEAR	\$ (3,780)

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Peoria County Regional Office of Education #48 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2012, the Peoria County Regional Office of Education #48 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The Regional Office of Education #48 implemented these standards during the current year; however, GASB Statement No. 64 had no impact on the financial statements. The implementation of GASB Statement No. 57 amends GASB Statement No. 45, permitting an agent employer with an OPEB with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. DATE OF MANAGEMENT'S REVIEW

The Peoria County Regional Office of Education #48 has evaluated subsequent events through January 9, 2013, the date which the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Peoria County Regional Office of Education #48's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions and carrying out other related duties required or permitted by law.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. FINANCIAL REPORTING ENTITY (Concluded)**

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Peoria County Regional Office of Education #48, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2012, the Peoria County Regional Office of Education #48 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 Peoria County Regional Office of Education #48. Such activities are reported as a single special revenue fund (Education Fund).

**C. SCOPE OF THE REPORTING ENTITY**

The Peoria County Regional Office of Education #48 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Peoria County Regional Office of Education #48 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Peoria County Regional Office of Education #48, 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 Peoria County Regional Office of Education #48 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 Peoria County Regional Office of Education #48 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Peoria County Regional Office of Education #48 is not aware of any entity, which would exercise such oversight as to result in the Peoria County Regional Office of Education #48 being considered a component unit of the entity.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Peoria County Regional Office of Education #48's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Peoria County Regional Office of Education #48 has five business-type activities; Local Workshops, Tech Support, Learning Technology Center Technical Training and Support, Aspire, and the Illinois Virtual School. The Local Workshop Fund accounts for fees charged for various workshops and conferences that provide staff development for educators in central and west central Illinois. The Tech Support Fund accounts for monies received related to the Regional Office providing technical support to District 150 and the related payroll expenses. The Learning Technology Center Technical Training and Support fund accounts for monies received to provide training and professional development to area educators. The Aspire fund is used to deliver professional development based on the following initiatives: response to intervention, standards-aligned classroom, and reading literacy. The Illinois Virtual School Fund accounts for tuition and subscription costs charged to schools and the Illinois State Board of Education for use of the Illinois Virtual School (IVS).

The Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Peoria County Regional Office of Education #48's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Assets and as other financing sources and uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and as transfers in and out on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities.

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

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS (Concluded)

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under 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, typically 60 days. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for other long-term obligations, which are recognized when paid.

Revenue received after the Regional Office's availability period are reported as deferred revenue in the fund statements and are reported as current revenue in the Statement of Activities.

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental 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. Their 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 Peoria County Regional Office of Education #48; 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.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Under the terms of grant agreements, Peoria County Regional Office of Education #48 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 Peoria County Regional Office of Education #48's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. It is the Peoria County Regional Office of Education #48's policy to first apply restricted funds, then unrestricted. For unrestricted fund balances, committed funds are used first, then assigned funds, then unassigned if any.

H. FUND ACCOUNTING

The Peoria County Regional Office of Education #48 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 Peoria County Regional Office of Education #48 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 a fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Peoria County Regional Office of Education #48 has presented all major funds that met the above qualifications.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

The Peoria County Regional Office of Education #48 reports the following major governmental funds:

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for and reported in another. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

Administrative Interest Fund - To account for interest earned on local, education for employment, and target fund accounts.

ROE Local Fund - To account for transition money received from the State of Illinois. Transition monies are the monies paid by the State of Illinois to ROEs affected by the closing of the Educational Service Centers following the merger of various ROEs.

General State Aid - To account for monies passed through to Peoria County School District 150.

Jail Library - To account for local monies received to provide a librarian at the Peoria County Jail.

Lincoln Senior Award - To account for local monies received to provide Abraham Lincoln Awards to sixteen high school students.

National Board Certification - To account for monies received to provide reimbursements to teachers who complete a program through a college for a national certificate which is good for 10 years.

Office of Prevention - To account for monies used to create a “library” of substance abuse and violence prevention materials which directs a 40 percent portion of Title IV grants from 15 Peoria County school districts to Peoria County Sheriff for use in the D.A.R.E. program.

Spring Celebration - To account for monies received for a program designed to offer students in grades K-12 the opportunity to perform, exhibit, and demonstrate their abilities in the Fine Arts and Applied Arts.

Hospital Tutoring - State laws require that hospitalized students receive tutoring. To account for the related transactions, including the receipt of the bills from the hospitals, billing the appropriate schools, receiving payment from the schools, and remitting payments to the hospitals.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Directory - To account for the collection and distribution of funds used for advertising space in the school directory.

Food Co-op - To account for the Regional Office of Education's administration of food programs for the schools participating in the co-op.

Consortium for Educational Change – To provide Peoria School Districts coaching, consulting, and facilitating in the area of continuous improvement and leadership development.

Title II Co-op – To account for monies spent to enhance math and science instruction within participating schools.

Peoria Regional High School - Truants – To account for monies received for the operation of the Peoria County Regional High School.

Peoria Regional High School – General State Aid – To account for monies received from Regional Office of Education #53 for the operation of the Peoria County Regional High School.

Peoria Regional High School – To account for local monies received for the operation of the Peoria County Regional High School.

Upward Generated - To account for local monies received to promote adult literacy.

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

Major special revenue funds include the following:

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

Adult Education Basic and Performance - To account for State and federal monies received for educational programs for incarcerated persons.

Upward SOS - To account for State monies received to promote adult literacy.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Communities for Youth Truants Alternative - To account for monies received for programs leading to a high school diploma for students with truancy problems.

McKinney-Vento Education for Homeless Children and Youth - To account for monies received to provide information to schools, community members and government entities about the educational rights of homeless students.

Learning Technology Center General Operations - To account for monies received to provide a technology support system for area school districts.

ROE/ISC Operations - To account for the administration of the Two Rivers Professional Development Center, which provides staff training and development and school improvement services.

Title I Grants to Local Educational Agencies -System of Support (Title I – School Improvement and Accountability) - To account for monies received from the State (federal dollars) to support school improvement services for Title I schools in academic difficulty.

Special Education – IDEA Part D - To account for monies received from the State (federal dollars) for expenditures incurred to combine professional development in response to intervention, standards aligned classroom, and reading literacy to improve intervention with children.

Illinois Department of Public Health - To account for monies received from the State for expenditures incurred in providing teachers with information about asthma.

Preschool for All Children - To account for monies from the State for expenditures incurred to make voluntary preschool available to all 3 and 4 year olds in an effort to help those children prepare for kindergarten and their school career.

Principal Mentoring - To provide an experienced mentor to all principals new to the profession within Illinois public schools.

State Implementation and Scaling-up of Evidence-based Practices (SISEP) –To provide State level leadership to support collaboration between general education and special education.

Transportation Career Cluster – To account for federal funds received to develop a series of grade 6-12 curriculum units that will introduce students to careers, skills and concepts they will need to succeed in the transportation industry.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Regional Safe Schools – To account for monies passed through to Peoria County School District 150.

IDEA ARRA- Galesburg –To account for federal funding to provide Standards-Aligned Classroom coaching; Response to intervention training and differentiation instruction to grades 6-12 educators.

Title I ARRA– Galesburg – To account for federal funding to provide Standards-Aligned Classroom coaching; Response to intervention training and differentiation instruction to grades PreK-5 educators.

ARRA– Education Jobs Fund Program – To account for federal funding passed through the State to provide assistance to save or create education jobs for the 2010-2011 school year.

Children’s Mental Health Partnership – To account for monies received from the State to assist in implementing a comprehensive strategic plan for improving and expanding services for children and youth with serious emotional disturbances and their families.

ARRA–Technology Enhancing Education – To account for monies received from the State (federal dollars) to implement programs in schools with high poverty and the greatest need for technology support and/or schools identified for improvement.

Illinois Virtual School – RTI Online – To account for State funding to provide subscriptions for online access to the Illinois Virtual School that provides professional development for educators.

The Peoria County Regional Office of Education #48 reports the following nonmajor governmental funds:

Bus Driver Training - This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

General Education Development - To account for the Regional Office of Education’s administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Institute - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

Supervisory - This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Peoria County Regional Office of Education #48 on a cost reimbursement basis are reported.

Local Workshops Fund –This fund is used to account for the various fees charged for local workshops that provide professional development to area educators.

Illinois Virtual School Fund – This fund accounts for income received and expenses incurred for work awarded to the Illinois Virtual School. The work obtained is a result of proposals submitted by IVS to a district/agency in response to their published scope of work. This fund also accounts for tuition payments from school districts for grade 5-12 online courses and indirect costs that are not covered under the Regional Office of Education #48’s contract with the Illinois State Board of Education. In addition, the Illinois Virtual School Fund is used to account for monies received to engage in a partnership to guide the transformation of the Illinois Virtual High School (IVHS) into the Illinois Virtual School (IVS). IVS is intended to expand the number of traditional students served, expand the grade levels to include grades 5 through 8, operate in an “anywhere, anytime” mode, and serve nontraditional students. The IVS will also expand professional development options available to Illinois teachers for certificate renewal process.

Tech Support – This fund accounts for the income received and expenses incurred for the Regional Office to provide technical support to District 150.

Learning Technology Center Technical Training and Support - To account for monies received to provide training and professional development to area educators.

Aspire - To deliver professional development based on the following initiatives: response to intervention, standards-aligned classroom, and reading literacy.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS

Agency Funds – Agency Funds are used to account for assets held by the Peoria County Regional Office of Education #48 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

Regional Board of Trustees – To account for the proceeds and related costs from the sale of school properties within the Regional Office of Education.

Central Illinois Science Education (C.I.S.E.) – To account for the receipts and disbursements of the C.I.S.E. This account is maintained for the convenience of the C.I.S.E.

Criminal Background Checks - To account for the pass-through of monies from various school districts to agencies to conduct criminal background checks on substitute teachers.

Perfect - To account for the pass-through of monies from the Illinois State Board of Education to agencies to conduct vocational programs for students.

SEAPCO - To account for the pass-through of monies from the Illinois State Board of Education to agencies to conduct Special Education instruction in Peoria County.

IVS Scholarship Fund - To account for scholarship monies from the LUDA Education Foundation to provide scholarships to students.

Private Purpose Trust Funds – Private Purpose Trust Funds are used to account for assets that are received for a specific purpose. Private Purpose Trust Funds include the following:

Peoria Promise Foundation – To account for monies received from private donations to fund a scholarship to Illinois Central College (ICC) for Peoria students.

I. GOVERNMENTAL FUND BALANCES

Fund Balance is the difference between assets and liabilities in a Governmental Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Regional Office considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Regional Office considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Regional Superintendent has provided otherwise in its commitment or assignment actions.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

**Nonspendable Fund Balance** – the portion of a Governmental Fund’s net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. Amounts representing prepaid expenses have been classified as nonspendable funds. The following accounts comprise nonspendable fund balance: Peoria Regional High School – Truants, Peoria Regional High School, Learning Technology Center General Operations, Title I School Improvement and Accountability and Special Education – IDEA Part D.

**Restricted Fund Balance** – the portion of a Governmental Fund’s net assets that are subject to external enforceable legal restrictions. The following fund balances are restricted by grant agreements or contracts: ROE/ISC Operations and Special Education – IDEA Part D. The following funds are restricted by Illinois Statute: Bus Driver Training, Institute, General Education Development, and Supervisory.

**Committed Fund Balance** – the Portion of a Governmental Fund’s net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

**Assigned Fund Balance** – the Portion of a Governmental Fund’s net assets to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Upward Generated, Title II Coop, Food Co-op, Hospital Tutoring, Office of Prevention, Spring Celebration, Consortium for Educational Change, Peoria High School-General State Aid, Peoria Regional High School, and Jail Library.

**Unassigned Fund Balance** – available expendable resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following: Administrative Interest Fund, ROE Local Fund, Directory, Lincoln Senior Award, Communities for Youth Truants Alternative, Title I School Improvement and Accountability, Learning Technology Center General Operations, and Transportation Career Cluster.

**J. NET ASSETS**

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

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

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

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Peoria County Regional Office of Education #48 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. INVENTORY

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

M. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more 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.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

N. COMPENSATED ABSENCES

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

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. 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.

P. BUDGET INFORMATION

The Peoria County Regional Office of Education #48 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. 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, Adult Education Basic, Adult Education Performance, Upward SOS, Communities for Youth Truants Alternative, McKinney-Vento Education for Homeless Children and Youth, Learning Technology Center General Operations, Title I School Improvement and Accountability, Special Education – IDEA Part D, Preschool for All Children, Regional Safe Schools, Children’s Mental Health Partnership, and ARRA – Technology Enhancing Education.

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Peoria County Regional Office of Education #48 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer’s Investment Pool.

A. DEPOSITS

At June 30, 2012, the carrying amount of the Peoria County Regional Office of Education #48’s government-wide and Agency fund deposits were \$2,448,577 and \$19,232, respectively, and the bank balances were \$130,685 and \$19,232, respectively. Of the total bank balances as of June 30, 2012, \$149,917 was secured by federal depository insurance.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Peoria County Regional Office of Education #48 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. As of June 30, 2012, the Peoria County Regional Office of Education #48 had investments with a carrying and fair value of \$2,592,624 invested in the Illinois School District Liquid Asset Fund Plus.

CREDIT RISK

At June 30, 2012, the Illinois School District Liquid Asset Fund Plus (ISDLAF+) had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The investment advisor for ISDLAF+ is a corporation organized under the laws of the State of Illinois and is registered with the Securities and Exchange Commission. All investments are fully collateralized.

INTEREST RATE RISK

The Illinois School District Liquid Asset Fund Plus 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 School District Liquid Asset Fund Plus limits the average dollar-weighted portfolio maturity to sixty days or less and states that money market instruments must have a maximum remaining maturity of one year except for U.S. government obligations which may have remaining maturities up to two years.

CONCENTRATION OF CREDIT RISK

The Illinois School District Liquid Asset Fund Plus's investment policy specifically limits the amount of investments in commercial paper to 33 1/3% of the fund's assets. The fund is managed to comply with specific requirements of the Illinois law, particularly the Public Funds Investment Act and other applicable to the investment of participant's funds.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

**Plan Description.** The Regional Office of Education #48'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 #48's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Funding Policy.** As set by statute, the Peoria County Regional Office of Education #48’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 10.00 percent. The Peoria County Regional Office of Education #48 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Annual Pension Cost.** The required contribution for calendar year 2011 was \$29,014.

A. THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Calendar Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/11	\$ 29,014	100%	\$0
12/31/10	36,196	100%	0
12/31/09	35,079	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually.

The actuarial value of the Peoria County Regional Office of Education #48’s Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Peoria County Regional Office of Education #48’s Regular plan’s overfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

**Funded Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 103.13 percent funded. The actuarial accrued liability for benefits was \$209,701 and the actuarial value of assets was \$216,272, resulting in an overfunded actuarial accrued liability (UAAL) of \$6,571. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$290,141. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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 Peoria County Regional Office of Education #48 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

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

The State of Illinois makes contributions directly to TRS on behalf of the Peoria County Regional Office of Education #48's TRS-covered employees.

**On behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Peoria County Regional Office of Education #48. For the year ended June 30, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Peoria County Regional Office of Education #48 recognized revenue and expenditures of \$392,837 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and June 30, 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$328,453) and 23.38 percent (\$482,205), respectively.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

The Peoria County Regional Office of Education #48 makes other types of employer contributions directly to TRS:

**2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$10,715. Contributions for the years ending June 30, 2011 and June 30, 2010, were \$10,581 and \$13,641, respectively.

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Peoria County Regional Office of Education #48, there is a statutory requirement for the Peoria County Regional Office of Education #48 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012 salaries totaling \$469,213 were paid from federal and special trust funds that required employer contributions of \$116,881. For the years ended June 30, 2011 and June 30, 2010, required Peoria County Regional Office of Education #48 contributions were \$137,181 and \$112,436, respectively.

**Early Retirement Option (ERO).** The Peoria County Regional Office of Education #48 is also required to make one-time employer contributions to TRS for members retiring under the ERO. The payments vary depending on the age and salary of the member.

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

For the year ended June 30, 2012, the Peoria County Regional Office of Education #48 paid no employer contribution to TRS under the ERO program. For the years ended June 30, 2011 and June 30, 2010, the Peoria County Regional Office of Education #48 paid no employer ERO contributions, respectively.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Salary increases over 6 percent and excess sick leave.** If the Peoria County Regional Office of Education #48 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Peoria County Regional Office of Education #48 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent. For the years ended June 30, 2012, 2011, and 2010 the Peoria County Regional Office of Education #48 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent.

If the Peoria County Regional Office of Education #48 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Peoria County Regional Office of Education #48 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the years ended June 30, 2012, 2011, and 2010 the Peoria County Regional Office of Education #48 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment.

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

NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

The Peoria County Regional Office of Education #48 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

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

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

**On behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of Peoria County Regional Office of Education #48. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$16,258, and Peoria County Regional Office of Education #48 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of Regional Office employees were \$16,054 and \$19,756, respectively.

**Employer contributions to THIS Fund.** The Peoria County Regional Office of Education #48 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the Peoria County Regional Office of Education #48 paid \$12,193 to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the Peoria Regional Office of Education #48 paid \$12,041 and \$14,817 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 6 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2012 consist of the following individual due to/from other funds in the governmental fund balance sheet and proprietary fund statement of net assets. The balances between governmental funds and proprietary funds were eliminated in the government-wide Statement of Net Assets.

	Due From Other Funds	Due To Other Funds
Education Fund	\$ -	\$ 427,169
General Fund	5,882	27,692
Proprietary Fund	448,979	-
	\$ 454,861	\$ 454,861

TRANSFERS

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

	Transfer Out	Transfer In
Education Fund	\$ 2,265	\$ 6,475
General Fund	1,886	-
Proprietary Fund	133,065	130,741
	\$ 137,216	\$ 137,216

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 7 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Peoria County Regional Office of Education #48 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office's assets are composed of furniture and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:				
<u>Education Fund</u>				
Equipment	\$ 519,482	\$ 38,203	\$ (53,842)	\$ 503,843
Governmental Activities Total Assets	519,482	38,203	(53,842)	503,843
Less Accumulated Depreciation	<u>(443,019)</u>	<u>(51,400)</u>	<u>52,968</u>	<u>(441,451)</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 76,463</u>	<u>\$ (13,197)</u>	<u>\$ (874)</u>	<u>\$ 62,392</u>
	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Business-type Activities:				
Equipment	\$ 80,821	\$ 21,281	\$ (6,780)	\$ 95,322
Business-type Activities				
Total Assets	80,821	21,281	(6,780)	95,322
Less Accumulated Depreciation	<u>(48,023)</u>	<u>(12,685)</u>	<u>1,250</u>	<u>(59,458)</u>
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ 32,798</u>	<u>\$ 8,596</u>	<u>\$ (5,530)</u>	<u>\$ 35,864</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 7 – CAPITAL ASSET ACTIVITY (Concluded)

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2012 of \$51,400 and \$12,685 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 8 – RISK MANAGEMENT

The Peoria County Regional Office of Education #48 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 Peoria County Regional Office of Education #48 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 9 – OPERATING LEASE

Two Rivers Professional Development Center has a lease agreement for their office space and two agreements for storage space. The storage lease periods were July 1, 2011 through June 30, 2012 for a total monthly rent of \$400. One lease for office space covered the period of July 1, 2011 through June 30, 2012 for a monthly rent of \$4,132. The other lease for office space for a monthly rent of \$1,975 is being continued on a month-to-month basis with no written contract in place. Total rent paid during the year ended June 30, 2012 on this month-to-month lease was \$23,700.

During the year ended June 30, 2012, rentals under lease obligations were \$54,384.

NOTE 10 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Peoria County Regional Office of Education #48:

Regional Superintendent Salary	\$	104,616
Assistant Regional Superintendent Salary		94,152
Regional Superintendent Fringe Benefit (Includes State paid insurance)		18,869
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)		19,834
Regional Superintendent TRS Pension Contribution		26,060
Assistant Regional Superintendent TRS Pension Contribution		23,453
TRS Pension Contributions		343,324
THIS Contributions		16,258
Total	\$	<u>646,566</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 10 – 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.

Peoria County Regional Office of Education #48's personnel are paid by Peoria County, Illinois, in accordance with statutes. Employees of programs funded by federal and State grants are paid by the grant funds. Some fixed assets used solely by the Peoria County Regional Office of Education #48 are purchased by Peoria County. Ownership of those fixed assets remains with the County of Peoria and, accordingly, the cost of these assets is not included in the Peoria County Regional Office of Education #48's financial statements. Peoria County also provides office space and some administrative expenses for the Peoria County Regional Office of Education #48. The following data was calculated based on information provided by Peoria County:

Salaries and Benefits	\$	260,847
Office Expenses		34,135
Total	<u>\$</u>	<u>294,982</u>

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Peoria County Regional Office of Education #48's Education Fund, General Fund, Agency Fund, Private Purpose Trust Fund, and Proprietary Fund have funds due from/to various other governmental units which consist of the following:

Due From Other Governments:

Education Fund

Illinois State Board of Education	\$	91,067
Federal Government		447,247

General Funds

Local Governments		47,261
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Proprietary Funds

Local Governments		759,708
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PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

<u>Agency Funds</u>	
Local Governments	778,212
<u>Private Purpose Trust Funds</u>	
Local Governments	5,559
Total	\$ 2,129,054
Due To Other Governments:	
<u>Education Fund</u>	
State Governments	\$ 56,653
<u>Agency Funds</u>	
Local Governments	797,444
Total	\$ 854,097

NOTE 12 – CAPITAL LEASES

In November of 2008, the Peoria County Regional Office of Education #48 entered into a capital lease for the acquisition of a copier/printer at a cost of \$23,838. Accumulated depreciation of the copier/printer as of June 30, 2012 was \$17,481. In August of 2008, the Regional Office of Education #48 entered into a capital lease for the acquisition of software at a cost of \$39,048. Accumulated depreciation of the software as of June 30, 2012 was \$36,011. The debt service for the capital leases are:

Fund Year	Principal	Interest
2013	\$ 4,870	\$ 302
2014	3,384	64
Total	\$ 8,254	\$ 366

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The Regional Office records accounts receivable in the proprietary funds for any amounts billed for services performed during the current year for which they have not yet received payment as of June 30. Accounts receivable for the year ended June 30, 2011 for the Illinois Virtual School was inadvertently overstated. This has been corrected during the current year. The effect of the correction was to decrease the charges for service revenues and decrease the beginning net assets for fiscal year 2012 by \$100,800.

NOTE 14 – DEFICIT FUND BALANCES

Because some revenues from the State of Illinois will not be collected for several months after the Regional Office’s fiscal year ends, they are not considered “available” revenues and are deferred in the governmental funds. The deferral of the revenues caused deficit fund balances as of June 30, 2012 in the following funds: Communities for Youth Truants Alternative, Title I School Improvement and Accountability, Transportation Career Cluster and Learning Technology Center General Operations. The Directory, Lincoln Senior Award and Administrative Interest Funds also carried deficit fund balances as of June 30, 2012. The Regional Office of Education #48 intends to reduce these deficits by applying revenues that have been deferred to these balances when they become available. For funds that remain in a deficit position after all of these restricted revenues have been applied, the Regional Office of Education #48 will transfer unrestricted funds from general operating funds to eliminate the remainder of the deficit.

Funds with Deficit Fund Balance	Deficit Balance
Communities for Youth Truants Alternative	\$ 1,774
Title I School Improvement and Accountability	257,370
Transportation Career Cluster	13,851
Directory	1,588
Lincoln Senior Award	615
Administrative Interest Fund	620
	\$ 275,818

NOTE 15 – ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts for the proprietary funds at June 30, 2012, are as follows:

	Outstanding Balance	Allowance for Doubtful Accounts	Net
Illinois Virtual School	\$ 790,414	\$ (45,350)	\$ 745,064

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Peoria County Regional Office of Education #48 provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Peoria County Regional Office of Education #48 and can be amended by the Peoria County Regional Office of Education #48 through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Peoria County Regional Office of Education #48 governmental funds.

b. Benefits Provided

The Peoria County Regional Office of Education #48 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Peoria County Regional Office of Education #48 retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Peoria County Regional Office of Education #48 insurance provider.

c. Membership

At June 30, 2012 membership consisted of:

Retirees and beneficiaries currently receiving benefits	3
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	3
Active nonvested plan members	-
Total	3
Number of participating employers	1

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (Continued)

d. Funding Policy

The Peoria County Regional Office of Education #48 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

e. Annual OPEB Costs and net OPEB Obligation

The Peoria County Regional Office of Education #48 first had an actuarial valuation performed for the plan as of June 30, 2012 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2012. The Peoria County Regional Office of Education #48's annual OPEB cost (expense) of \$1,582 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of July 1, 2011. The Peoria County Regional Office of Education #48 did not recognize an OPEB liability at June 30, 2012. The Peoria County Regional Office of Education #48's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 1,582	\$ -	0%	\$ 1,582

The net OPEB obligation as of June 30, 2012, was calculated as follows:

Annual Required Contribution	\$ 1,582
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	<u>-</u>
Annual OPEB Cost	1,582
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation	-
Net OPEB Obligation Beginning of year	-
<b>NET OPEB OBLIGATION END OF YEAR</b>	<u><u>\$ 1,582</u></u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (Concluded)

f. Funded Status and Funding Progress

The funded status of the plan was as follows:

	<b>Fiscal Year 2012</b>
Actuarial Accrued Liability (AAL)	\$ 6,265
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	6,265
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 234,450
UAAL as a Percentage of Covered Payroll	2.70%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012 actuarial valuation, the unit credit cost method was used. The actuarial assumptions included a discount rate of 4.00% and an initial healthcare cost trend rate of 10.0%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Peoria County Regional Office of Education #48 has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized using a level percent of pay based on an open group. The remaining amortization period at June 30, 2012 was 30 years.

REQUIRED SUPPLEMENTAL INFORMATION

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a)/c )
12/31/11	\$216,272	\$ 209,701	\$ (6,571)	103.13%	\$ 290,141	0.00%
12/31/10	342,287	347,050	4,763	98.63%	363,776	1.31%
12/31/09	295,532	353,970	58,438	83.49%	360,155	16.23%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$202,506. On a market basis, the funded ratio would be 96.57%.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 OTHER POST EMPLOYMENT BENEFITS  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/11	\$ -	\$ 6,265	\$ 6,265	0.00%	\$ 234,450	2.70%

OTHER SUPPLEMENTAL INFORMATION

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2012

	Administrative Interest Fund	ROE Local Fund	General State Aid	Jail Library	Lincoln Senior Award	National Board Certification
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 51,973	\$ -	\$ 965	\$ -	\$ -
Due from other funds	-	5,882	-	-	-	-
Due from other governments						
Local	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 57,855</b>	<b>\$ -</b>	<b>\$ 965</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	620	-	-	-	615	-
<b>Total Liabilities</b>	<b>620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>615</b>	<b>-</b>
<b>Fund Balance (Deficit)</b>						
Nonspendable	-	-	-	-	-	-
Assigned	-	-	-	965	-	-
Unassigned	(620)	57,855	-	-	(615)	-
<b>Total Fund Balance (Deficit)</b>	<b>(620)</b>	<b>57,855</b>	<b>-</b>	<b>965</b>	<b>(615)</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ -</b>	<b>\$ 57,855</b>	<b>\$ -</b>	<b>\$ 965</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2012

	<u>Office of Prevention</u>	<u>Spring Celebration</u>	<u>Hospital Tutoring</u>	<u>Directory</u>	<u>Food Co-op</u>	<u>Consortium for Educational Change</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 29,558	\$ 817	\$ 25,479	\$ -	\$ 23,093	2,227
Due from other funds	-	-	-	-	-	-
Due from other governments						
Local	-	-	1,820	-	-	-
Prepaid expenses	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 29,558</u></b>	<b><u>\$ 817</u></b>	<b><u>\$ 27,299</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 23,093</u></b>	<b><u>\$ 2,227</u></b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 9,198	\$ -	\$ -	\$ -
Due to other funds	-	-	-	1,588	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>9,198</u></b>	<b><u>1,588</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balance (Deficit)</b>						
Nonspendable	-	-	-	-	-	-
Assigned	29,558	817	18,101	-	23,093	2,227
Unassigned	-	-	-	(1,588)	-	-
<b>Total Fund Balance (Deficit)</b>	<b><u>29,558</u></b>	<b><u>817</u></b>	<b><u>18,101</u></b>	<b><u>(1,588)</u></b>	<b><u>23,093</u></b>	<b><u>2,227</u></b>
<b>Total Liabilities and     Fund Balance</b>	<b><u>\$ 29,558</u></b>	<b><u>\$ 817</u></b>	<b><u>\$ 27,299</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 23,093</u></b>	<b><u>\$ 2,227</u></b>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2012

	Title II Co-op	Peoria Regional High School- Truants	Peoria Regional High School- General State Aid	Peoria Regional High School	Upward Generated	TOTALS
<b>Assets</b>						
Cash and cash equivalents	\$ 96,307	\$ -	\$ 22,676	\$ 11,742	\$ 6,470	\$ 271,307
Due from other funds	-	-	-	-	-	5,882
Due from other governments						
Local	-	24,869	20,572	-	-	47,261
Prepaid expenses	-	1,649	1,264	-	-	2,913
<b>Total Assets</b>	<b>\$ 96,307</b>	<b>\$ 26,518</b>	<b>\$ 44,512</b>	<b>\$ 11,742</b>	<b>\$ 6,470</b>	<b>\$ 327,363</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,198
Due to other funds	-	24,869	-	-	-	27,692
<b>Total Liabilities</b>	<b>-</b>	<b>24,869</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,890</b>
<b>Fund Balance (Deficit)</b>						
Nonspendable	-	1,649	1,264	-	-	2,913
Assigned	96,307	-	43,248	11,742	6,470	232,528
Unassigned	-	-	-	-	-	55,032
<b>Total Fund Balance (Deficit)</b>	<b>96,307</b>	<b>1,649</b>	<b>44,512</b>	<b>11,742</b>	<b>6,470</b>	<b>290,473</b>
<b>Total Liabilities and     Fund Balance</b>	<b>\$ 96,307</b>	<b>\$ 26,518</b>	<b>\$ 44,512</b>	<b>\$ 11,742</b>	<b>\$ 6,470</b>	<b>\$ 327,363</b>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	Administrative Interest Fund	ROE Local Fund	General State Aid	Jail Library	Lincoln Senior Award	National Board Certification
<b>Revenues</b>						
Local sources	\$ 4,488	\$ 1,577	\$ -	\$ -	\$ 1,650	\$ -
State sources	-	-	459,008	-	-	739
On-behalf payments - Local	-	294,982	-	-	-	-
On-behalf payments -State	-	646,566	-	-	-	-
<b>Total Revenues</b>	<b>4,488</b>	<b>943,125</b>	<b>459,008</b>	<b>-</b>	<b>1,650</b>	<b>739</b>
<b>Expenditures</b>						
Salaries and benefits	57	2,487	-	-	-	739
Purchased services	-	9,296	-	-	2,297	-
Supplies and materials	-	100	-	-	132	-
Other objects	2,922	1,793	-	-	-	-
Payments to other governments	-	-	459,008	-	-	-
On-behalf payments - Local	-	294,982	-	-	-	-
On-behalf payments -State	-	646,566	-	-	-	-
<b>Total Expenditures</b>	<b>2,979</b>	<b>955,224</b>	<b>459,008</b>	<b>-</b>	<b>2,429</b>	<b>739</b>
<b>Excess (Deficiency) of revenues over expenditures</b>	<b>1,509</b>	<b>(12,099)</b>	<b>-</b>	<b>-</b>	<b>(779)</b>	<b>-</b>
<b>Other Financing Sources/(Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	(1,886)	-	-	-	-
Interest income	-	4	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(1,882)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>1,509</b>	<b>(13,981)</b>	<b>-</b>	<b>-</b>	<b>(779)</b>	<b>-</b>
Fund Balance (Deficit) -Beginning	(2,129)	71,836	-	965	164	-
<b>Fund Balance (Deficit) - Ending</b>	<b>\$ (620)</b>	<b>\$ 57,855</b>	<b>\$ -</b>	<b>\$ 965</b>	<b>\$ (615)</b>	<b>\$ -</b>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	Office of Prevention	Spring Celebration	Hospital Tutoring	Directory	Food Co-op	Consortium for Educational Change
<b>Revenues</b>						
Local sources	\$ -	\$ 19,049	\$ 75,232	\$ 5,550	\$ 13,650	\$ 132,019
State sources	-	-	-	-	-	-
On-behalf payments - Local	-	-	-	-	-	-
On-behalf payments -State	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>19,049</u>	<u>75,232</u>	<u>5,550</u>	<u>13,650</u>	<u>132,019</u>
<b>Expenditures</b>						
Salaries and benefits	-	-	2,781	-	-	130,935
Purchased services	2,090	17,494	68,277	7,900	8,296	-
Supplies and materials	280	1,853	-	-	571	-
Other objects	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
On-behalf payments - Local	-	-	-	-	-	-
On-behalf payments -State	-	-	-	-	-	-
Total Expenditures	<u>2,370</u>	<u>19,347</u>	<u>71,058</u>	<u>7,900</u>	<u>8,867</u>	<u>130,935</u>
Excess (Deficiency) of revenues over expenditures	<u>(2,370)</u>	<u>(298)</u>	<u>4,174</u>	<u>(2,350)</u>	<u>4,783</u>	<u>1,084</u>
<b>Other Financing Sources/(Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Interest income	2	-	1	-	1	-
Total Other Financing Sources (Uses)	<u>2</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Net change in fund balance	<u>(2,368)</u>	<u>(298)</u>	<u>4,175</u>	<u>(2,350)</u>	<u>4,784</u>	<u>1,084</u>
Fund Balance (Deficit) -Beginning	<u>31,926</u>	<u>1,115</u>	<u>13,926</u>	<u>762</u>	<u>18,309</u>	<u>1,143</u>
Fund Balance (Deficit) - Ending	<u>\$ 29,558</u>	<u>\$ 817</u>	<u>\$ 18,101</u>	<u>\$ (1,588)</u>	<u>\$ 23,093</u>	<u>\$ 2,227</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	Title II Co-op	Peoria Regional High School- Truants	Peoria Regional High School- General State Aid	Peoria Regional High School	Upward Generated	TOTALS
<b>Revenues</b>						
Local sources	\$ -	\$ -	\$ -	\$ 12,917	\$ 200	\$ 266,332
State sources	-	96,143	305,386	-	-	861,276
On-behalf payments - Local	-	-	-	-	-	294,982
On-behalf payments -State	-	-	-	-	-	646,566
Total Revenues	<u>-</u>	<u>96,143</u>	<u>305,386</u>	<u>12,917</u>	<u>200</u>	<u>2,069,156</u>
<b>Expenditures</b>						
Salaries and benefits	-	87,603	176,400	-	-	401,002
Purchased services	3,765	6,378	77,256	-	25	203,074
Supplies and materials	-	513	7,218	1,030	115	11,812
Other objects	-	-	-	146	-	4,861
Payments to other governments	-	-	-	-	-	459,008
On-behalf payments - Local	-	-	-	-	-	294,982
On-behalf payments -State	-	-	-	-	-	646,566
Total Expenditures	<u>3,765</u>	<u>94,494</u>	<u>260,874</u>	<u>1,176</u>	<u>140</u>	<u>2,021,305</u>
Excess (Deficiency) of revenues over expenditures	<u>(3,765)</u>	<u>1,649</u>	<u>44,512</u>	<u>11,741</u>	<u>60</u>	<u>47,851</u>
<b>Other Financing Sources/(Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,886)
Interest income	5	-	-	1	-	14
Total Other Financing Sources (Uses)	<u>5</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(1,872)</u>
Net change in fund balance	<u>(3,760)</u>	<u>1,649</u>	<u>44,512</u>	<u>11,742</u>	<u>60</u>	<u>45,979</u>
Fund Balance (Deficit) -Beginning	<u>100,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,410</u>	<u>244,494</u>
Fund Balance (Deficit) - Ending	<u>\$ 96,307</u>	<u>\$ 1,649</u>	<u>\$ 44,512</u>	<u>\$ 11,742</u>	<u>\$ 6,470</u>	<u>\$ 290,473</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2012

	Adult Education Basic	Adult Education Performance	Upward SOS	Communities for Youth Truants Alternative	McKinney-Vento Education for Homeless Children and Youth	Learning Technology Center General Operations	ROE/ISC Operations
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,033	\$ 25,985	\$ 54,268
Due from other governments							
State	4,647	6,699	-	38,235	-	-	-
Federal	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	2,678	-
<b>Total Assets</b>	<b>\$ 4,647</b>	<b>\$ 6,699</b>	<b>\$ -</b>	<b>\$ 38,235</b>	<b>\$ 1,033</b>	<b>\$ 28,663</b>	<b>\$ 54,268</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,895	\$ -
Accrued payroll and employee benefits	-	-	-	-	-	-	-
Due to other funds	4,647	6,699	-	38,235	-	-	-
Due to other governments	-	-	-	-	-	-	-
Deferred revenue	-	-	-	1,774	1,033	23,090	-
<b>Total Liabilities</b>	<b>4,647</b>	<b>6,699</b>	<b>-</b>	<b>40,009</b>	<b>1,033</b>	<b>25,985</b>	<b>-</b>
<b>Fund Balance (Deficit)</b>							
Nonspendable	-	-	-	-	-	2,678	-
Restricted	-	-	-	-	-	-	54,268
Unassigned	-	-	-	(1,774)	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,774)</b>	<b>-</b>	<b>2,678</b>	<b>54,268</b>
<b>Total Liabilities and     Fund Balance</b>	<b>\$ 4,647</b>	<b>\$ 6,699</b>	<b>\$ -</b>	<b>\$ 38,235</b>	<b>\$ 1,033</b>	<b>\$ 28,663</b>	<b>\$ 54,268</b>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2012

	Title I School Improvement and Accountability	Special Education - IDEA Part D	Illinois Department of Public Health	Preschool for All Children	Principal Mentoring	State Implementation and Scaling - Up of Evidence Based Practices	Transportation Career Cluster
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 1,025	\$ -	\$ 2,503	\$ -	\$ -
Due from other governments							
State	-	-	-	-	-	-	-
Federal	406,533	13,927	-	-	-	-	24,540
Prepaid expenses	691	13	-	-	-	-	-
Total Assets	<u>\$ 407,224</u>	<u>\$ 13,940</u>	<u>\$ 1,025</u>	<u>\$ -</u>	<u>\$ 2,503</u>	<u>\$ -</u>	<u>\$ 24,540</u>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities</b>							
Accounts payable	\$ 59,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,001
Accrued payroll and employee benefits	-	-	-	-	2,503	-	-
Due to other funds	346,808	12,994	-	-	-	-	15,539
Due to other governments	-	-	-	-	-	-	-
Deferred revenue	258,061	-	1,025	-	-	-	13,851
Total Liabilities	<u>664,594</u>	<u>12,994</u>	<u>1,025</u>	<u>-</u>	<u>2,503</u>	<u>-</u>	<u>38,391</u>
<b>Fund Balance (Deficit)</b>							
Nonspendable	691	13	-	-	-	-	-
Restricted	-	933	-	-	-	-	-
Unassigned	(258,061)	-	-	-	-	-	(13,851)
Total Fund Balance (Deficit)	<u>(257,370)</u>	<u>946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,851)</u>
Total Liabilities and Fund Balance	<u>\$ 407,224</u>	<u>\$ 13,940</u>	<u>\$ 1,025</u>	<u>\$ -</u>	<u>\$ 2,503</u>	<u>\$ -</u>	<u>\$ 24,540</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2012

	Regional Safe Schools	IDEA ARRA - Galesburg	Title I ARRA - Galesburg	ARRA - Education Jobs Fund Program	Children's Mental Health Partnership	ARRA - Technology Enhancing Education	Illinois Virtual School - RTI Online	TOTAL
<b>Assets</b>								
Cash and cash equivalents	\$ -	\$ 13	\$ 3	\$ -	\$ 17,995	\$ -	\$ -	\$ 102,825
Due from other governments								
State	41,486	-	-	-	-	-	-	91,067
Federal	-	-	-	2,247	-	-	-	447,247
Prepaid expenses	-	-	-	-	-	-	-	3,382
<b>Total Assets</b>	<b>\$ 41,486</b>	<b>\$ 13</b>	<b>\$ 3</b>	<b>\$ 2,247</b>	<b>\$ 17,995</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 644,521</b>
<b>Liabilities and Fund Balance</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ 3	\$ -	\$ 2,841	\$ -	\$ -	\$ 74,465
Accrued payroll and employee benefits	-	-	-	-	-	-	-	2,503
Due to other funds	-	-	-	2,247	-	-	-	427,169
Due to other governments	41,486	13	-	-	15,154	-	-	56,653
Deferred revenue	-	-	-	-	-	-	-	298,834
<b>Total Liabilities</b>	<b>41,486</b>	<b>13</b>	<b>3</b>	<b>2,247</b>	<b>17,995</b>	<b>-</b>	<b>-</b>	<b>859,624</b>
<b>Fund Balance (Deficit)</b>								
Nonspendable	-	-	-	-	-	-	-	3,382
Restricted	-	-	-	-	-	-	-	55,201
Unassigned	-	-	-	-	-	-	-	(273,686)
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(215,103)</b>
<b>Total Liabilities and     Fund Balance</b>	<b>\$ 41,486</b>	<b>\$ 13</b>	<b>\$ 3</b>	<b>\$ 2,247</b>	<b>\$ 17,995</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 644,521</b>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Adult Education Basic	Adult Education Performance	Upward SOS	Communities for Youth Truants Alternative	McKinney-Vento Education for Homeless Children and Youth	Learning Technology Center General Operations	ROE/ISC Operations
Revenues							
State sources	\$ 25,628	\$ 28,075	\$ 60,000	\$ 147,749	\$ -	\$ 201,611	\$ 37,089
Federal sources	26,623	-	-	-	41,848	-	-
Total Revenues	<u>52,251</u>	<u>28,075</u>	<u>60,000</u>	<u>147,749</u>	<u>41,848</u>	<u>201,611</u>	<u>37,089</u>
Expenditures							
Salaries and benefits	51,059	26,426	49,881	126,568	39,360	88,027	-
Purchased services	2,528	1,100	9,236	7,969	1,649	85,907	33,569
Supplies and materials	500	549	739	1,006	839	2,315	3,068
Other objects	-	-	150	-	-	-	-
Payments to other governments	-	-	-	-	-	11,330	-
Capital outlay	-	-	-	-	-	11,355	-
Total Expenditures	<u>54,087</u>	<u>28,075</u>	<u>60,006</u>	<u>135,543</u>	<u>41,848</u>	<u>198,934</u>	<u>36,637</u>
Excess/(Deficiency) of revenue over expenditures	<u>(1,836)</u>	<u>-</u>	<u>(6)</u>	<u>12,206</u>	<u>-</u>	<u>2,677</u>	<u>452</u>
Other Financing Sources/(Uses)							
Transfers in	1,836	-	5	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Interest income	-	-	1	1	-	1	2
Total Other Financing Sources/(Uses)	<u>1,836</u>	<u>-</u>	<u>6</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>2</u>
Net change in fund balance	-	-	-	12,207	-	2,678	454
Fund Balance (Deficit) - Beginning	-	-	-	(13,981)	-	-	53,814
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,774)</u>	<u>\$ -</u>	<u>\$ 2,678</u>	<u>\$ 54,268</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Title I School Improvement and Accountability	Special Education - IDEA Part D	Illinois Department of Public Health	Preschool for All Children	Principal Mentoring	State Implementation and Scaling - Up of Evidence Based Practices	Transportation Career Cluster
Revenues							
State sources	\$ -	\$ -	\$ -	\$ 64,604	\$ 4,313	\$ 2,237	\$ -
Federal sources	958,118	166,352	-	-	-	-	136,231
Total Revenues	<u>958,118</u>	<u>166,352</u>	<u>-</u>	<u>64,604</u>	<u>4,313</u>	<u>2,237</u>	<u>136,231</u>
Expenditures							
Salaries and benefits	516,567	118,972	-	38,409	4,313	-	4,315
Purchased services	111,188	58,696	-	18,622	-	-	119,603
Supplies and materials	27,560	77	-	12,221	-	-	500
Other objects	-	-	-	-	-	-	-
Payments to other governments	434,542	-	-	-	-	-	226
Capital outlay	-	-	-	-	-	-	1,097
Total Expenditures	<u>1,089,857</u>	<u>177,745</u>	<u>-</u>	<u>69,252</u>	<u>4,313</u>	<u>-</u>	<u>125,741</u>
Excess/(Deficiency) of revenue over expenditures	<u>(131,739)</u>	<u>(11,393)</u>	<u>-</u>	<u>(4,648)</u>	<u>-</u>	<u>2,237</u>	<u>10,490</u>
Other Financing Sources/(Uses)							
Transfers in	-	-	-	4,634	-	-	-
Transfers out	-	-	-	-	-	(2,237)	-
Interest income	-	-	-	14	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,648</u>	<u>-</u>	<u>(2,237)</u>	<u>-</u>
Net change in fund balance	(131,739)	(11,393)	-	-	-	-	10,490
Fund Balance (Deficit) - Beginning	<u>(125,631)</u>	<u>12,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,341)</u>
Fund Balance (Deficit) - Ending	<u>\$ (257,370)</u>	<u>\$ 946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,851)</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Regional Safe Schools	IDEA ARRA - Galesburg	Title I ARRA - Galesburg	ARRA - Education Jobs Fund Program	Children's Mental Health Partnership	ARRA Technology Enhancing Education	Illinois Virtual School - RTI Online	TOTAL
Revenues								
State sources	\$ 138,295	\$ -	\$ -	\$ -	\$ 9,846	\$ -	\$ 28	\$ 719,475
Federal sources	-	-	-	2,247	-	54,918	-	1,386,337
Total Revenues	<u>138,295</u>	<u>-</u>	<u>-</u>	<u>2,247</u>	<u>9,846</u>	<u>54,918</u>	<u>28</u>	<u>2,105,812</u>
Expenditures								
Salaries and benefits	-	-	-	2,247	6,893	-	-	1,073,037
Purchased services	-	-	-	-	1,227	-	-	451,294
Supplies and materials	-	-	-	-	893	-	-	50,267
Other objects	-	-	-	-	-	-	-	150
Payments to other governments	138,295	-	-	-	-	30,000	-	614,393
Capital outlay	-	-	-	-	833	24,918	-	38,203
Total Expenditures	<u>138,295</u>	<u>-</u>	<u>-</u>	<u>2,247</u>	<u>9,846</u>	<u>54,918</u>	<u>-</u>	<u>2,227,344</u>
Excess/(Deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28</u>	<u>(121,532)</u>
Other Financing Sources/(Uses)								
Transfers in	-	-	-	-	-	-	-	6,475
Transfers out	-	-	-	-	-	-	(28)	(2,265)
Interest income	-	-	-	-	-	-	-	19
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28)</u>	<u>4,229</u>
Net change in fund balance	-	-	-	-	-	-	-	(117,303)
Fund Balance (Deficit) - Beginning	-	-	-	-	-	-	-	(97,800)
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (215,103)</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 36,636	\$ 36,636	\$ 37,089
Total Revenues	<u>36,636</u>	<u>36,636</u>	<u>37,089</u>
Expenditures			
Purchased services	31,636	31,636	33,569
Supplies and materials	5,000	5,000	3,068
Total Expenditures	<u>36,636</u>	<u>36,636</u>	<u>36,637</u>
Excess/(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>452</u>
Other Financing Sources/(Uses)			
Interest income	-	-	2
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>2</u>
Net change in fund balance	-	-	454
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>53,814</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,268</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 ADULT EDUCATION BASIC  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 27,882	\$ 27,882	\$ 25,628
Federal sources	27,118	27,118	26,623
Total Revenues	<u>55,000</u>	<u>55,000</u>	<u>52,251</u>
Expenditures			
Salaries and benefits	48,665	48,665	51,059
Purchased services	1,135	1,135	2,528
Supplies and materials	5,200	5,200	500
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>54,087</u>
Excess/(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,836)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,836
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,836</u>
Net change in fund balance	-	-	-
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 ADULT EDUCATION PERFORMANCE  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 28,492	\$ 28,492	\$ 28,075
Total Revenues	28,492	28,492	28,075
Expenditures			
Salaries and benefits	24,817	24,817	26,426
Purchased services	3,175	3,175	1,100
Supplies and materials	500	500	549
Total Expenditures	28,492	28,492	28,075
Excess/(Deficiency) of revenues over expenditures	-	-	-
Net change in fund balance	-	-	-
Fund Balance (Deficit) - Beginning	-	-	-
Fund Balance (Deficit) - Ending	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 UPWARD SOS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 60,000	\$ 61,771	\$ 60,000
Total Revenues	60,000	61,771	60,000
Expenditures			
Salaries and benefits	49,961	49,961	49,881
Purchased services	9,259	11,030	9,236
Supplies and materials	650	650	739
Other objects	130	130	150
Total Expenditures	60,000	61,771	60,006
Excess/(Deficiency) of revenues over expenditures	-	-	(6)
Other Financing Sources/(Uses)			
Transfers in	-	-	5
Interest income	-	-	1
Total Other Financing Sources/(Uses)	-	-	6
Net change in fund balance	-	-	-
Fund Balance (Deficit) - Beginning	-	-	-
Fund Balance (Deficit) - Ending	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 COMMUNITIES FOR YOUTH TRUANTS ALTERNATIVE  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 231,686	\$ 231,686	\$ 147,749
Total Revenues	<u>231,686</u>	<u>231,686</u>	<u>147,749</u>
Expenditures			
Salaries and benefits	215,024	215,024	126,568
Purchased services	14,970	14,970	7,969
Supplies and materials	1,692	1,692	1,006
Total Expenditures	<u>231,686</u>	<u>231,686</u>	<u>135,543</u>
Excess/(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>12,206</u>
Other Financing Sources/(Uses)			
Interest income	-	-	1
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>1</u>
Net change in fund balance	-	-	12,207
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(13,981)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,774)</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to August 31, 2012)  
 EDUCATION FUND ACCOUNT  
 MCKINNEY- VENTO EDUCATION FOR HOMELESS CHILDREN AND YOUTH  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 42,729	\$ 44,229	\$ 41,848
Total Revenues	<u>42,729</u>	<u>44,229</u>	<u>41,848</u>
Expenditures			
Salaries and benefits	40,106	39,341	39,360
Purchased services	1,480	2,081	1,649
Supplies and materials	1,143	2,649	839
Capital outlay	-	158	-
Total Expenditures	<u>42,729</u>	<u>44,229</u>	<u>41,848</u>
Excess/(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of AUGUST 1, 2011 to September 30, 2012)  
 EDUCATION FUND ACCOUNT  
 LEARNING TECHNOLOGY CENTER GENERAL OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 186,907	\$ 186,907	\$ 201,611
Total Revenues	<u>186,907</u>	<u>186,907</u>	<u>201,611</u>
Expenditures			
Salaries and benefits	84,963	84,963	88,027
Purchased services	86,813	86,813	85,907
Supplies and materials	2,000	2,000	2,315
Payments to other governments	10,131	10,131	11,330
Capital outlay	3,000	3,000	11,355
Total Expenditures	<u>186,907</u>	<u>186,907</u>	<u>198,934</u>
Excess/(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,677</u>
Other Financing Sources/(Uses)			
Interest income	-	-	1
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>1</u>
Net change in fund balance	-	-	2,678
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,678</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to August 31, 2012)  
 EDUCATION FUND ACCOUNT  
 TITLE I SCHOOL IMPROVEMENT AND ACCOUNTABILITY  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,168,466	\$ 1,172,466	\$ 958,118
Total Revenues	<u>1,168,466</u>	<u>1,172,466</u>	<u>958,118</u>
Expenditures			
Salaries and benefits	524,971	498,499	516,567
Purchased services	138,928	153,400	111,188
Supplies and materials	47,139	47,139	27,560
Payments to other governments	457,428	473,428	434,542
Total Expenditures	<u>1,168,466</u>	<u>1,172,466</u>	<u>1,089,857</u>
Excess/(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(131,739)</u>
Net change in fund balance	-	-	(131,739)
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(125,631)</u>
Fund Balance (Deficit)- Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (257,370)</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of November 1, 2010 to October 30, 2011)  
 EDUCATION FUND ACCOUNT  
 SPECIAL EDUCATION- IDEA PART D  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>Revenues</b>			
Federal sources	\$ 14,750	\$ 252,131	\$ 166,352
Total Revenues	<u>14,750</u>	<u>252,131</u>	<u>166,352</u>
<b>Expenditures</b>			
Salaries and benefits	10,215	125,130	118,972
Purchased services	1,570	95,441	58,696
Supplies and materials	2,965	8,560	77
Payments to other governments	-	23,000	-
Total Expenditures	<u>14,750</u>	<u>252,131</u>	<u>177,745</u>
Excess/(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(11,393)</u>
Net change in fund balance	-	-	(11,393)
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>12,339</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2010 to August 31, 2011)  
 EDUCATION FUND ACCOUNT  
 PRESCHOOL FOR ALL CHILDREN  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 702,270	\$ 133,795	\$ 64,604
Total Revenues	<u>702,270</u>	<u>133,795</u>	<u>64,604</u>
Expenditures			
Salaries and benefits	587,270	78,784	38,409
Purchased services	74,400	29,516	18,622
Supplies and materials	40,600	25,495	12,221
Total Expenditures	<u>702,270</u>	<u>133,795</u>	<u>69,252</u>
Excess/(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(4,648)</u>
Other Financing Sources/(Uses)			
Transfer in	-	-	4,634
Interest income	-	-	14
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>4,648</u>
Net change in fund balance	-	-	-
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 138,295	\$ 138,295	\$ 138,295
Total Revenues	<u>138,295</u>	<u>138,295</u>	<u>138,295</u>
Expenditures			
Payments to other governments	138,295	138,295	138,295
Total Expenditures	<u>138,295</u>	<u>138,295</u>	<u>138,295</u>
Excess/(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of February 22, 2012 to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 CHILDREN'S MENTAL HEALTH PARTNERSHIP  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 25,000	\$ 25,000	\$ 9,846
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>9,846</u>
Expenditures			
Salaries and benefits	22,811	6,898	6,893
Purchased services	1,430	4,680	1,227
Supplies and materials	759	12,522	893
Payments to other governments	-	900	-
Capital outlay	-	-	833
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>9,846</u>
Excess/(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of August 29, 2011 to September 30, 2011)  
 EDUCATION FUND ACCOUNT  
 ARRA-TECHNOLOGY ENHANCING EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 54,918	\$ 54,918	\$ 54,918
Total Revenues	<u>54,918</u>	<u>54,918</u>	<u>54,918</u>
Expenditures			
Purchased services	24,918	24,918	-
Payments to other governments	30,000	30,000	30,000
Capital outlay	-	-	24,918
Total Expenditures	<u>54,918</u>	<u>54,918</u>	<u>54,918</u>
Excess/(Deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2012

	Bus Driver Training	General Education Development	Institute	Supervisory	TOTALS
Assets					
Cash and cash equivalents	\$ 6,523	\$ 59,896	\$ 88,770	\$ 3,057	\$ 158,246
Total Assets	<u>\$ 6,523</u>	<u>\$ 59,896</u>	<u>\$ 88,770</u>	<u>\$ 3,057</u>	<u>\$ 158,246</u>
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 562	\$ -	\$ -	\$ -	\$ 562
Total Liabilities	<u>562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>562</u>
Fund Balance					
Restricted	<u>5,961</u>	<u>59,896</u>	<u>88,770</u>	<u>3,057</u>	<u>157,684</u>
Total Liabilities and Fund Balance	<u>\$ 6,523</u>	<u>\$ 59,896</u>	<u>\$ 88,770</u>	<u>\$ 3,057</u>	<u>\$ 158,246</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Bus Driver Training	General Education Development	Institute	Supervisory	TOTALS
Revenues					
Local sources	\$ 3,244	\$ 23,746	\$ 75,122	\$ -	\$ 102,112
State sources	1,200	-	-	-	1,200
Total Revenues	<u>4,444</u>	<u>23,746</u>	<u>75,122</u>	<u>-</u>	<u>103,312</u>
Expenditures					
Salaries and benefits	-	1,987	1,077	-	3,064
Purchased services	3,610	9,841	46,741	683	60,875
Supplies and materials	-	7,395	2,146	-	9,541
Other objects	-	-	250	-	250
Total Expenditures	<u>3,610</u>	<u>19,223</u>	<u>50,214</u>	<u>683</u>	<u>73,730</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>834</u>	<u>4,523</u>	<u>24,908</u>	<u>(683)</u>	<u>29,582</u>
Other Financing Sources/(Uses)					
Interest income	-	4	5	-	9
Total Other Financing Sources/(Uses)	<u>-</u>	<u>4</u>	<u>5</u>	<u>-</u>	<u>9</u>
Net change in fund balance	834	4,527	24,913	(683)	29,591
Fund Balance (Deficit) - Beginning	<u>5,127</u>	<u>55,369</u>	<u>63,857</u>	<u>3,740</u>	<u>128,093</u>
Fund Balance (Deficit) - Ending	<u>\$ 5,961</u>	<u>\$ 59,896</u>	<u>\$ 88,770</u>	<u>\$ 3,057</u>	<u>\$ 157,684</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR  
 PROPRIETARY FUNDS  
 JUNE 30, 2012

	Business-type Activities Proprietary Funds			
	Tech Support	Learning Technology Center Technical Training and Support	Aspire	TOTALS
Assets				
Cash and cash equivalents	\$ 3,936	\$ 207,542	\$ 2,237	\$ 213,715
Due from other governments - Local	-	2,268	-	2,268
Total Assets	3,936	209,810	2,237	215,983
Net Assets				
Unrestricted	3,936	209,810	2,237	215,983
Total Net Assets	\$ 3,936	\$ 209,810	\$ 2,237	\$ 215,983

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
 FUND NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Proprietary Funds			Totals
	Tech Support	Learning Technology Center Technical Training and Support	Aspire	
Operating Revenues				
Charges for services	\$ -	\$ 50,559	\$ 20,100	\$ 70,659
Operating Expenses				
Salaries and benefits	7,852	9,849	15,076	32,777
Purchased services	-	2,545	21,250	23,795
Supplies and materials	-	-	5,398	5,398
Payments to other governments	-	-	16,604	16,604
Other objects	-	92	-	92
Total Operating Expenses	<u>7,852</u>	<u>12,486</u>	<u>58,328</u>	<u>78,666</u>
Operating Income (Loss)	<u>(7,852)</u>	<u>38,073</u>	<u>(38,228)</u>	<u>(8,007)</u>
Nonoperating Revenue (Expense)				
Interest income	-	13	1	14
Total Nonoperating Revenue (Expense)	<u>-</u>	<u>13</u>	<u>1</u>	<u>14</u>
Income (Loss) Before Transfers	<u>(7,852)</u>	<u>38,086</u>	<u>(38,227)</u>	<u>(7,993)</u>
Transfers in	-	75,407	-	75,407
Total Transfers	<u>-</u>	<u>75,407</u>	<u>-</u>	<u>75,407</u>
Change in Net Assets	(7,852)	113,493	(38,227)	67,414
Net Assets - Beginning	<u>11,788</u>	<u>96,317</u>	<u>40,464</u>	<u>148,569</u>
Net Assets - Ending	<u>\$ 3,936</u>	<u>\$ 209,810</u>	<u>\$ 2,237</u>	<u>\$ 215,983</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Proprietary Funds			Totals
	Tech Support	Learning Technology Center Technical Training and Support	Aspire	
Cash Flows from Operating Activities				
Receipts from customers	\$ -	\$ 55,716	\$ 20,300	\$ 76,016
Payments to suppliers and providers of goods and services	-	(2,637)	(43,252)	(45,889)
Payments to employees	(7,852)	(9,849)	(15,076)	(32,777)
Net cash provided by (used for) operating activities	(7,852)	43,230	(38,028)	(2,650)
Cash Flows from Investing Activities				
Interest earned from investments	-	13	1	14
Net cash provided by investing activities	-	13	1	14
Cash Flows from Noncapital Financing Activities				
Cash payments to other funds	-	-	-	-
Cash payments from other funds	-	75,407	-	75,407
Net cash provided by (used for) noncapital financing activities	-	75,407	-	75,407
Net increase (decrease) in cash and cash equivalents	(7,852)	118,650	(38,027)	72,771
Cash and cash equivalents - beginning	11,788	88,892	40,264	140,944
Cash and cash equivalents - ending	\$ 3,936	\$ 207,542	\$ 2,237	\$ 213,715
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (7,852)	\$ 38,073	\$ (38,228)	\$ (8,007)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	-	-	-
Change in assets and liabilities:				
(Increase) / Decrease in due from other governments	-	5,157	200	5,357
Net cash provided by (used for) operating activities	\$ (7,852)	\$ 43,230	\$ (38,028)	\$ (2,650)

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2012

	Regional Board of Trustees	Central Illinois Science Education (C.I.S.E.)	Criminal Background Checks	Perfect	SEAPCO	IVS Scholarship Fund	Totals
<b>Assets</b>							
Cash and cash equivalents	\$ 18	\$ 2,084	\$ 9,125	\$ -	\$ -	\$ 8,005	\$ 19,232
Due from other governments	-	-	-	84,044	694,168	-	778,212
<b>Total Assets</b>	<b>\$ 18</b>	<b>\$ 2,084</b>	<b>\$ 9,125</b>	<b>\$ 84,044</b>	<b>\$ 694,168</b>	<b>\$ 8,005</b>	<b>\$ 797,444</b>
<b>Liabilities</b>							
Due to other governments	\$ 18	\$ 2,084	\$ 9,125	\$ 84,044	\$ 694,168	\$ 8,005	\$ 797,444
<b>Total Liabilities</b>	<b>\$ 18</b>	<b>\$ 2,084</b>	<b>\$ 9,125</b>	<b>\$ 84,044</b>	<b>\$ 694,168</b>	<b>\$ 8,005</b>	<b>\$ 797,444</b>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
<u>REGIONAL BOARD OF TRUSTEES</u>				
Assets				
Cash and cash equivalents	\$ 18	\$ -	\$ -	\$ 18
Total Assets	\$ 18	\$ -	\$ -	\$ 18
Liabilities				
Due to other governments	\$ 18	\$ -	\$ -	\$ 18
Total Liabilities	\$ 18	\$ -	\$ -	\$ 18
<u>CENTRAL ILLINOIS SCIENCE EDUCATION</u>				
Assets				
Cash and cash equivalents	\$ 2,084	\$ -	\$ -	\$ 2,084
Total Assets	\$ 2,084	\$ -	\$ -	\$ 2,084
Liabilities				
Due to other governments	\$ 2,084	\$ -	\$ -	\$ 2,084
Total Liabilities	\$ 2,084	\$ -	\$ -	\$ 2,084
<u>CRIMINAL BACKGROUND CHECKS</u>				
Assets				
Cash and cash equivalents	\$ 17,699	\$ 20,042	\$ 28,616	\$ 9,125
Total Assets	\$ 17,699	\$ 20,042	\$ 28,616	\$ 9,125
Liabilities				
Due to other governments	\$ 17,699	\$ 20,042	\$ 28,616	\$ 9,125
Total Liabilities	\$ 17,699	\$ 20,042	\$ 28,616	\$ 9,125

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
<u>PERFECT</u>				
Assets				
Due from other governments	\$ 134,116	\$ 84,044	\$ 134,116	\$ 84,044
Total Assets	<u>\$ 134,116</u>	<u>\$ 84,044</u>	<u>\$ 134,116</u>	<u>\$ 84,044</u>
Liabilities				
Due to other governments	\$ 134,116	\$ 84,044	\$ 134,116	\$ 84,044
Total Liabilities	<u>\$ 134,116</u>	<u>\$ 84,044</u>	<u>\$ 134,116</u>	<u>\$ 84,044</u>
<u>SEAPCO</u>				
Assets				
Due from other governments	\$ 1,003,518	\$ 694,168	\$ 1,003,518	\$ 694,168
Total Assets	<u>\$ 1,003,518</u>	<u>\$ 694,168</u>	<u>\$ 1,003,518</u>	<u>\$ 694,168</u>
Liabilities				
Due to other governments	\$ 1,003,518	\$ 694,168	\$ 1,003,518	\$ 694,168
Total Liabilities	<u>\$ 1,003,518</u>	<u>\$ 694,168</u>	<u>\$ 1,003,518</u>	<u>\$ 694,168</u>
<u>IVS SCHOLARSHIP FUND</u>				
Assets				
Cash and cash equivalents	\$ 8,000	\$ 5	\$ -	\$ 8,005
Total Assets	<u>\$ 8,000</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 8,005</u>
Liabilities				
Due to other governments	\$ 8,000	\$ 5	\$ -	\$ 8,005
Total Liabilities	<u>\$ 8,000</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 8,005</u>
<u>TOTALS ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 27,801	\$ 20,047	\$ 28,616	\$ 19,232
Due from other governments	1,137,634	778,212	1,137,634	778,212
Total Assets	<u>\$ 1,165,435</u>	<u>\$ 798,259</u>	<u>\$ 1,166,250</u>	<u>\$ 797,444</u>
Liabilities				
Due to other governments	\$ 1,165,435	\$ 798,259	\$ 1,166,250	\$ 797,444
Total Liabilities	<u>\$ 1,165,435</u>	<u>\$ 798,259</u>	<u>\$ 1,166,250</u>	<u>\$ 797,444</u>

See accompanying Independent Auditor's Report

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st eight digits) or Contract #	Federal Expenditures 7/1/11 - 6/30/12
<b>U.S. Department of Education</b>			
<b>Passed through Illinois Community College Board:</b>			
Basic Grants to States -			
Adult Education	84.002	514 AB	\$ 26,623
<b>Total Passed through Illinois Community College Board</b>			<u>26,623</u>
<b>Passed through Illinois State Board of Education:</b>			
Title I Grants to Local Educational Agencies			
System of Support (Title I - School Improvement and Accountability)	84.010A	12-4331-SS	964,212
System of Support (Title I - School Improvement and Accountability)	84.010A	11-4331-SS	<u>125,645</u>
<b>Total Title I Grants to Local Educational Agencies</b>			<u>1,089,857 (M)</u>
ARRA - Education Jobs Fund Program	84.410	11-4880-93	<u>2,247</u>
ARRA-Technology Enhancing Education	84.386	12-4861-00	<u>54,918</u>
Special Education - State			
Personnel Development			
Special Education - State			
Personnel Development	84.323A	11-4631-RC	<u>94,319</u>
<b>Total Passed through Illinois State Board of Education:</b>			1,241,341
<b>Passed through Lee/Ogle Regional Office of Education #47</b>			
Special Education - State			
Personnel Development	84.323A	12-4631-RC	<u>72,033</u>
<b>Total Special Education - State Personnel Development</b>			<u>166,352</u>

The accompanying notes are an integral part of this schedule.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Grantor/ <u>Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # (1st eight digits) or Contract #</u>	<u>Federal Expenditures 7/1/11 - 6/30/12</u>
<b>Passed through Macomb Community School District #185:</b>			
Education for Homeless Children and Youth - Area III - Homeless Liaison Project	84.196A	12-4920-00	41,848
<b>Total U.S. Department of Education</b>			1,381,845
<b>U.S. Department of Transportation</b>			
<b>Passed through Missouri University of Science and Technology</b>			
Highway Research and Development Program - Transportation Career Cluster	20.200	DTFH61-08-G-00016	125,741
<b>Total U.S. Department of Transportation</b>			125,741
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,507,586</b>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Peoria County Regional Office of Education #48 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 on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Peoria County Regional Office of Education #48 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
Title I Grants to Local Educational Agencies - System of Support (Title I – School Improvement and Accountability)	84.010A	\$ 434,542
Highway Research and Development Program Transportation Career Cluster	20.200	\$ 226
ARRA – Technology Enhancing Education	84.386	\$ 30,000

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Title I – Part A Cluster System of Support (Title I School Improvement and Accountability) - This program provides area schools/districts with assistance in meeting school improvement needs as they address the requirements of No Child Left Behind. Priority is given to schools whose students have not met adequate yearly progress for at least two years in math and reading.

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None