

State of Illinois
ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
FINANCIAL AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

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

**ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1**

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ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

AGENCY OFFICIALS

Regional Superintendent (Current)	Ms. Deborah Niederhauser
Assistant Regional Superintendent (Current)	Ms. Jill Reis
Assistant Regional Superintendents (During audit period)	Mr. Wilfred Flesner Mr. Raymond Scheiter

Offices are Located at:

Adams County Courthouse
507 Vermont Street
Quincy, IL 62301

and

1267 East Washington
Pittsfield, IL 62363

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1

FINANCIAL REPORT SUMMARY

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

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	3
Repeated audit findings	3	3
Prior recommendations implemented or not repeated	0	0

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

An additional matter which is less than a significant deficiency or material weakness but more than inconsequential, has been reported in a Management Letter of Comment to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
11-1	9	Transactions of two entities are recorded in one accounting system	Significant Deficiency
11-2	10	Controls over financial statement preparation	Material Weakness
11-3	11	Expenditure reports did not agree to general ledger	Significant Deficiency and noncompliance

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 15, 2011. Attending were Deborah Niederhauser, Regional Superintendent of Schools, and Shawn Williamson, Partner, of Fick, Eggemeyer & Williamson, CPA's. Responses to the recommendations were provided by Deborah Niederhauser, Regional Superintendent on September 16, 2011.

**ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Adams and Pike Counties Regional Office of Education #1 was performed by Fick, Eggemeyer & Williamson, CPA's.

Based on their audit, the auditors expressed an unqualified opinion on the Adams and Pike Counties Regional Office of Education #1's basic financial statements.



Fick, Eggemeyer & Williamson

Certified Public Accountants, PC



MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Adams and Pike Counties Regional Office of Education #1, as of and for the year ended June 30, 2011, which collectively comprise the Adams and Pike Counties Regional Office of Education #1's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Adams and Pike Counties Regional Office of Education #1's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Adams and Pike Counties Regional Office of Education #1, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Adams and Pike Counties Regional Office of Education #1 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on the any of the Adams and Pike Counties Regional Office of Education #1's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Adams and Pike Counties Regional Office of Education #1's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2011 on our consideration of the Adams and Pike Counties Regional Office of Education #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 15-19 and 42 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adams and Pike Counties Regional Office of Education #1's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer, & Williamson, CPA's

December 6, 2011



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Adams and Pike Counties Regional Office of Education #1, as of and for the year ended June 30, 2011, which collectively comprise the Adams and Pike Counties Regional Office of Education #1's basic financial statements and have issued our report thereon dated December 6, 2011. 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 Adams and Pike Counties Regional Office of Education #1 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Adams and Pike Counties Regional Office of Education #1'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 Adams and Pike Counties Regional Office of Education #1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Adams and Pike Counties Regional Office of Education #1's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 11-2 in the accompanying Schedule of Findings and Responses to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in findings 11-1 and 11-3 in the accompanying Schedule of Findings and Responses to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Adams and Pike Counties Regional Office of Education #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 11-3.

We also noted certain matters which we have reported to management of the Adams and Pike Counties Regional Office of Education #1 in a separate letter dated December 6, 2011.

Adams and Pike Counties Regional Office of Education #1's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Adams and Pike Counties Regional Office of Education #1's responses and, accordingly, we express no opinion on it.

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

Fick, Eggemeyer & Williamson

Fick, Eggemeyer, & Williamson, CPA's
December 6, 2011

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results
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Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified that are not considered to be material weaknesses	<u> X </u>	Yes	<u> </u>	No
Noncompliance material to financial statements noted?	<u> X </u>	Yes	<u> </u>	No

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011

Section II - Financial Statement Findings

FINDING NO. 11-1
Repeated from 10-1, 09-1, 08-1,
07-1, 06-1, 05-1,
04-1, 03-4

TRANSACTIONS OF TWO ENTITIES ARE RECORDED IN ONE ACCOUNTING SYSTEM

Criteria/Specified Requirement:

According to governmental accounting standards, transactions of two separate primary government units should not be co-mingled in one general ledger system. According to GASB 14, a special purpose government is a primary government if it has the following three characteristics: a separately elected governing board; fiscal independence; and status as a separate legal entity.

Condition:

During the past fiscal year, the Adams and Pike Counties Regional Office of Education #1 (ROE) recorded cash transactions of the West Central Regional System #240 (WCR) in its general ledger system. The WCR has a separately elected board. It is a legally separate entity, and it is fiscally independent. The WCR administers vocational education services for the Region, and Adams and Pike Counties Regional Office of Education #1 has acted as a fiscal agent for the WCR for several years.

Effect:

Transactions of the WCR appear in the financial reports prepared by the ROE.

Cause:

The Adams and Pike Counties Regional Office of Education #1 attempted to maintain a separate general ledger system for the WCR. However, the ROE continued to record certain WCR transactions in the ROE general ledger.

Recommendation:

The Adams and Pike Counties Regional Office of Education #1 should establish an entirely separate set of records in order to eliminate the co-mingling of the Regional Office of Education #1 and WCR accounting activity.

Management's Response:

Management of the Adams and Pike Counties Regional Office of Education #1 agrees with the finding. As of July 1, 2011, Adams and Pike Counties Regional Office of Education #1 will no longer be acting as the fiscal agent for the West Central Regional System #240.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2011

Section II - Financial Statement Findings

FINDING NO. 11-2
Repeated from 10-2, 09-2, 08-3
07-6

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

Criteria/Specified Requirement:

The Adams and Pike Counties Regional Office of Education #1 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 Adams and Pike Counties Regional Office of Education #1 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries changed the Regional Office's net assets by \$99,696.
- The Regional Office did not have adequate controls over the maintenance of records of accounts receivable. Accounts receivable and grants receivable balances were adjusted at June 30, 2011 by a net total of \$42,272.

Effect:

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

Cause:

According to Regional Office officials, they did not have adequate funding to hire or train their accounting personnel.

Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #1 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review 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:

Management of the Adams and Pike Counties Regional Office of Education #1 agrees with the finding. The Regional Office of Education #1 will employ accountants familiar with ROE operations to prepare financial statements according to GAAP standards.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2011

Section II - Financial Statement Findings

FINDING NO.	<u>11-3</u>
Repeated from	10-3, 09-3, 08-4, 07-5, 06-5, 05-5

EXPENDITURE REPORTS DID NOT AGREE TO GENERAL LEDGER

Criteria/Specified Requirement:

Expenditure reports for education programs submitted to the Illinois State Board of Education and the Illinois Department of Human Services should agree with the expenditures reported on the Adams and Pike Counties Regional Office of Education #1's general ledger.

Condition:

A comparison of expenditure reports to the Adams and Pike Counties Regional Office of Education #1's general ledger revealed instances where the totals on the final 2011 expenditure reports were not consistent with the Adams and Pike Counties Regional Office of Education #1's general ledger. While the following amounts are small, given the number of inconsistencies and historical nature of the finding (repeated several years) we noted the following:

- The expenditure report submitted to the Illinois State Board of Education for the ROE/ISC Operations program reported total expenditures of \$99,537, while the general ledger showed expenditures of \$99,976 (a \$439 difference).
- The expenditure report submitted to the Illinois State Board of Education for the Truants Alternative/Optional Education program reported total expenditures of \$58,473, while the general ledger showed expenditures of \$58,955 (a \$482 difference).
- The expenditure report submitted to the Illinois Department of Human Services for the Regional Office of Prevention Effectiveness Services program reported total expenditures of \$95,001, while the general ledger showed expenditures of \$95,852 (a \$851 difference).
- The expenditure report submitted to the Illinois Department of Human Services for the Special Education Grants Infants/Toddlers program reported total expenditures of \$392,970, while the general ledger showed expenditures of \$393,878 (an \$908 difference).

Effect:

Inaccurate expenditure reports were submitted, which could lead to granting agencies requesting reimbursements or adjustments to the fiscal year 2012 grant amounts.

Cause:

The Adams and Pike Counties Regional Office of Education #1 personnel responsible for expenditure reports prepared the reports based on numbers that were not yet fully adjusted at year-end.

Recommendation:

The Adams and Pike Counties Regional Office of Education #1 personnel responsible for preparing the expenditure reports should use expenditures per the general ledger after all adjustments have been made.

Management's Response:

Management of the Adams and Pike Counties Regional Office of Education #1 agrees with the finding. Accounting personnel will not prepare reports to the Illinois State Board of Education or the Illinois Department of Human Services until all year end adjustments have been made.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
June 30, 2011

Corrective Action Plan
Finding No. 11-1

Condition: During the past fiscal year, the Adams and Pike Counties Regional Office of Education #1 (ROE) recorded cash transactions of the West Central Regional System #240 (WCR) in its general ledger system. The WCR has a separately elected board. It is a legally separate entity, and it is fiscally independent. The WCR administers vocational education services for the Region, and Adams and Pike Counties Regional Office of Education #1 has acted as a fiscal agent for the WCR for several years.

Plan: As of July 1, 2011, Adams and Pike Counties Regional Office of Education #1 will no longer be acting as the fiscal agent for the West Central Regional System #240.

Anticipated Completion Date: July 2011

Contact Name: Regional Superintendent Deborah Niederhauser

Corrective Action Plan
Finding No. 11-2

Condition: The Adams and Pike Counties Regional Office of Education #1 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries changed the Regional Office's net assets by \$99,696.
- The Regional Office did not have adequate controls over the maintenance of records of accounts receivable. Accounts receivable and grants receivable balances were adjusted at June 30, 2011 by a net total of \$42,272.

Plan: The Regional Office of Education #1 will employ accountants familiar with ROE operations to prepare financial statements according to GAAP standards.

Anticipated Completion Date: September 2011

Contact Name: Regional Superintendent Deborah Niederhauser

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
June 30, 2011

Corrective Action Plan

Finding No. 11-3

Condition: A comparison of expenditure reports to the Adams and Pike Counties Regional Office of Education #1's general ledger revealed instances where the totals on the final 2011 expenditure reports were not consistent with the Adams and Pike Counties Regional Office of Education #1's general ledger. While the following amounts are small, given the number of inconsistencies and historical nature of the finding (repeated several years) we noted the following:

- The expenditure report submitted to the Illinois State Board of Education for the ROE/ISC Operations program reported total expenditures of \$99,537, while the general ledger showed expenditures of \$99,976 (a \$439 difference).
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- The expenditure report submitted to the Illinois Department of Human Services for the Special Education Grants Infants/Toddlers program reported total expenditures of \$392,970, while the general ledger showed expenditures of \$393,878 (an \$908 difference).

Plan: Accounting personnel will not prepare reports to the Illinois State Board of Education or the Illinois Department of Human Services until all year end adjustments have been made.

Anticipated Completion Date: September 2011

Contact Name: Regional Superintendent Deborah Niederhauser

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2011

<u>Prior Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
10-1	Transactions of two entities are recorded in one accounting system.	Repeated as 11-1
10-2	Controls over financial statement preparation	Repeated as 11-2
10-3	Expenditure reports did not agree to general ledger.	Repeated as 11-3

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Adams and Pike Counties Regional Office of Education #1 (ROE) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the ROE's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Governmental Fund revenues increased from \$1,901,488 in fiscal year 2010 (FY10) to \$2,007,539 in fiscal year 2011 (FY11), while Governmental Fund expenditures decreased from \$2,068,035 in FY10 to \$1,723,314 in FY11. This resulted in an increase in the Governmental Fund balance from \$359,433 in FY10 to \$618,788 in FY11, a 72% increase from the prior year.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the ROE'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 ROE as a whole and present an overall view of the ROE's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the ROE's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with a comparison of the ROE's budget for the year and provides detailed information about the nonmajor funds.

REPORTING THE AGENCY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

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

The two Government-wide statements report the ROE's net assets and how they have changed. Net assets – the difference between the ROE's assets and liabilities – are one way to measure the agency's financial health or position.

- Over time, increases or decreases in the ROE's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the ROE's overall health, additional non-financial factors, such as a change in the ROE's responsibilities and staffing, need to be considered.

In the Government-wide financial statements, the ROE's activities are reported as:

- *Governmental activities:* All of the ROE's services are included here, such as Regional Safe Schools instruction, drug prevention education, instructional staff support services and administration. Federal and State grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about the ROE's funds, focusing on its most significant or "major" funds – not the ROE as a whole. Funds are accounting devices the ROE uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. The ROE established other funds to control and manage money for particular purposes, such as accounting for State and Federal grants.

The ROE has two kinds of funds:

- 1) Governmental funds account for all of the ROE's services. These focus on how cash and other financial assets can readily be converted to cash flow and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the ROE's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information immediately following each of the governmental fund statements explains the relationship or difference between the two statements. The ROE's governmental funds include: 1) the General Fund, and 2) the Special Revenue funds.
- 2) Fiduciary funds account for funds received from the State Board of Education and distributed to school districts and other organizations in the region.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The ROE's net assets at the end of FY11 totaled \$676,815. This is compared to \$590,350 at the end of FY10. The analysis that follows provides a summary of the ROE's net assets at June 30, 2011 and 2010 for governmental activities.

	Condensed Statement of Net Assets	
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$895,492	\$675,770
Capital assets	37,033	53,148
Total assets	<u>932,525</u>	<u>728,918</u>
Other liabilities	255,710	138,568
Total liabilities	<u>255,710</u>	<u>138,568</u>
Net assets:		
Invested in capital assets	37,033	53,148
Unrestricted	486,408	522,622
Restricted for educational purposes	153,374	14,580
Total net assets	<u>\$676,815</u>	<u>\$590,350</u>

The ROE's combined nets assets increased by \$86,465 from FY10. The increase was a result of decreasing expenditures and increasing revenues during the year ended June 30, 2011. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

The following analysis shows the changes in net assets for the years ended June 30, 2011 and 2010.

	Change in Net Assets	
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 1,161,157	\$ 1,357,322
General revenues:		
Registration, certification and permit fees	93,530	89,891
Local sources	285,655	245,489
State sources	93,723	110,645
On-behalf payments	216,353	275,572
Interest income	346	338
Total revenues	<u>1,850,764</u>	<u>2,079,257</u>
Program expenses:		
Instructional services	1,523,076	1,769,913
Administrative expenses:		
On-behalf payments - state	216,353	275,572
Total expenses	<u>1,739,429</u>	<u>2,045,485</u>
Change in net assets	111,335	33,772
Net assets, beginning of year	590,350	556,578
Prior period adjustment	(24,870)	-
Net assets, end of year	<u>\$ 676,815</u>	<u>\$ 590,350</u>

Operating grants and contributions from local, state and federal sources account for 62.7% of the total revenue. The ROE's expenses primarily relate to instructional services, which account for 87.6% of the total expenses.

Governmental activities

Revenues from governmental activities were \$1,850,764 and expenses were \$1,739,429. In a difficult budget year, the ROE was able to keep expenditures below revenue, which resulted in an increase in net assets.

FINANCIAL ANALYSIS OF THE ROE'S FUNDS

As previously noted, the Adams and Pike Counties Regional Office of Education #1 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The ROE's governmental funds reported a combined fund balance of \$618,788, which is above last year's ending fund balance of \$359,433. The primary reason for the increase in combined fund balances in FY11 was an increase in revenues over expenditures.

Governmental Fund Highlights

- The ROE's increasing General Fund position is the result of the revenues increasing more than the increase in expenditures during FY11.
- The ROE's increasing Education Fund position is the result of decreasing expenditures.

BUDGETARY HIGHLIGHTS

The ROE was not required to adopt annual budgets for all funds under its control and is not legally required to do so. The ROE submits its budget to the State Board of Education and all other grantors that require it. The budgets may be amended during the year utilizing procedures prescribed by the particular grantor. Over the course of the year, the ROE amended certain operating budgets to reflect additional revenue and expenditures associated with the additional services needed and provided. Budgetary comparison schedules are provided in the financial statements on pages 50-55.

CAPITAL ASSETS

At June 30, 2011, the ROE had invested \$37,033, net of accumulated depreciation, in various capital assets including computers, furniture and equipment. Current year asset additions were \$3,688.

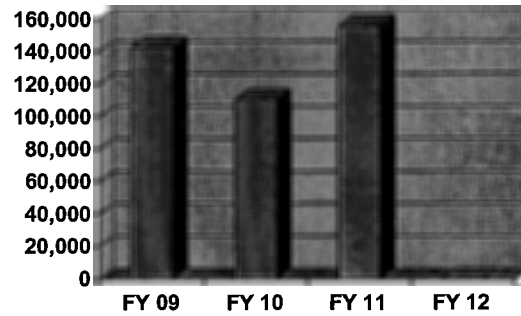
The ROE had depreciation expense of \$19,803 in FY11 and total accumulated depreciation of \$306,287 at June 30, 2011. More detailed information about capital assets is available in Note 13 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- The ROE experienced reduced funding for ROE operations in two of the prior three years. For FY12, the ROE expects funding for ROE operations to be eliminated.
- The ROE expects funding from the County to increase by approximately 3% per year for many years to come.

ROE Operations Grant



FY 09 \$142,726
FY 10 \$110,645
FY 11 \$155,645
FY 12 \$ 0

The ROE operations grant has decreased 100% through FY 12.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the ROE's financial statement users with a general overview of the ROE's finances and to demonstrate the ROE's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Regional Superintendent of the Adams and Pike Counties Regional Office of Education #1, 507 Vermont, Quincy, IL 62301.

Basic Financial Statements

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 669,872
Grants receivable	219,757
Accounts receivable	5,863
Total current assets	895,492
Noncurrent assets:	
Capital assets, net of depreciation	37,033
Total noncurrent assets	37,033
TOTAL ASSETS	\$ 932,525
 LIABILITIES	
Current liabilities	
Cash overdraft	\$ 250,614
Accounts payable	4,596
Payroll taxes and liabilities payable	500
Total current liabilities	255,710
TOTAL LIABILITIES	\$ 255,710
 NET ASSETS	
Invested in capital assets	\$ 37,033
Unrestricted net assets	486,408
Restricted for educational purposes	153,374
TOTAL NET ASSETS	\$ 676,815

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:				
Instructional services:				
Salaries and benefits	\$ 796,343	\$ 731,305	\$ -	\$ (65,038)
Purchased services	308,080	219,655	-	(88,425)
Travel and entertainment	77,658	51,160	-	(26,498)
Supplies and materials	37,136	28,097	-	(9,039)
Institute expenses and workshops	10,650	-	-	(10,650)
Depreciation	19,803	-	-	(19,803)
Capital outlay	-	2,390	-	2,390
Communication	2,709	-	-	(2,709)
Postage and copies	5,679	100	-	(5,579)
Payments to other governmental units	258,216	128,023	-	(130,193)
Other	6,802	427	-	(6,375)
Administrative:				
On-behalf payments - State	216,353	-	-	(216,353)
Total governmental activities	1,739,429	1,161,157	-	(578,272)
Total primary government	\$ 1,739,429	\$ 1,161,157	\$ -	(578,272)
General revenues:				
Registration, certification and permit fees				93,530
Local sources				285,655
State sources				93,723
On-behalf payments				216,353
Interest income				346
Total general revenues				689,607
Changes in net assets				111,335
Net assets - beginning				590,350
Prior period adjustment				(24,870)
Net assets - ending				\$ 676,815

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 541,598	\$ 69,745	\$ 58,529	\$ 669,872
Grants receivable	-	219,757	-	219,757
Accounts receivable	5,863	-	-	5,863
TOTAL ASSETS	\$ 547,461	\$ 289,502	\$ 58,529	\$ 895,492
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Cash overdraft	\$ -	\$ 250,614	\$ -	250,614
Accounts payable	4,021	-	575	4,596
Deferred revenue	-	20,994	-	20,994
Payroll taxes and liabilities payable	500	-	-	500
TOTAL LIABILITIES	4,521	271,608	575	276,704
FUND BALANCES				
Restricted	-	74,426	57,954	132,380
Assigned	72,610	-	-	72,610
Unassigned	470,330	(56,532)	-	413,798
TOTAL FUND BALANCES	542,940	17,894	57,954	618,788
TOTAL LIABILITIES AND FUND BALANCES	\$ 547,461	\$ 289,502	\$ 58,529	\$ 895,492

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances - governmental funds	\$ 618,788
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.	20,994
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$343,320 and the accumulated depreciation is \$306,287.	<u>37,033</u>
Net assets of governmental activities	<u>\$ 676,815</u>

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Revenues:	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
Registration, certification and permit fees	\$ 44,334	\$ 5,575	\$ 43,621	\$ 93,530
Local sources	239,836	45,819	-	285,655
State sources	250,498	849,651	852	1,101,001
State sources - on behalf payments	216,353	-	-	216,353
Federal sources	-	310,654	-	310,654
Interest income	317	14	15	346
Total revenues	<u>751,338</u>	<u>1,211,713</u>	<u>44,488</u>	<u>2,007,539</u>
<u>Expenditures:</u>				
Instructional services:				
Salaries and benefits	159,451	636,892	-	796,343
Salaries and benefits - on behalf payments	216,353	-	-	216,353
Purchased services	73,250	224,736	10,094	308,080
Travel and entertainment	15,003	59,677	2,978	77,658
Supplies and materials	2,586	34,431	119	37,136
Institute expenses and workshops	-	-	10,650	10,650
Communication	908	959	842	2,709
Postage and copies	4,706	626	347	5,679
Payments to other governmental units	170,498	87,718	-	258,216
Other	3,161	-	3,641	6,802
Capital outlay	1,382	2,306	-	3,688
Total expenditures	<u>647,298</u>	<u>1,047,345</u>	<u>28,671</u>	<u>1,723,314</u>
Excess/(deficiency) of revenues over expenditures	104,040	164,368	15,817	284,225
Other financing sources (uses)				
Transfers in	45,000	1,772	-	46,772
Transfers out	(603)	(46,169)	-	(46,772)
Total other financing sources	<u>44,397</u>	<u>(44,397)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	148,437	119,971	15,817	284,225
Fund balance, Beginning of year	394,503	(77,207)	42,137	359,433
Prior period adjustment	-	(24,870)	-	(24,870)
Fund balance, End of year	<u>\$ 542,940</u>	<u>\$ 17,894</u>	<u>\$ 57,954</u>	<u>\$ 618,788</u>

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances	\$	284,225
Amounts reported for governmental activities in the Statement of Activities are different because:		
Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		(156,775)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	3,688	
Depreciation expense	(19,803)	(16,115)
Change in net assets of governmental activities	\$	111,335

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

ADAMS AND PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2011

	Agency Fund
ASSETS	
Cash	\$ 593
Total assets	\$ 593
 LIABILITIES	
Accumulated interest payable	\$ 593
Total liabilities	\$ 593

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Adams and Pike Counties Regional Office of Education #1 (ROE) was formed under the provisions of the State of Illinois, Illinois State Board of Education.

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

A. FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the ROE'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.

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

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

For the period ended June 30, 2011, the ROE applied for, received, and administered numerous state and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #1. Such activities are reported as a single special revenue fund (Education Fund).

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. SCOPE OF THE REPORTING ENTITY

The Adams and Pike Counties Regional Office of Education #1 reporting entity includes all related organizations for which it exercises oversight responsibility. The ROE has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the Adams and Pike Counties Regional Office of Education #1, 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 ROE exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

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

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the ROE'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 ROE's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present a summary of governmental activities for the ROE. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the ROE'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, 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 appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide financial statements.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the ROE; 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.

Under the terms of grant agreements, the Adams and Pike Counties Regional Office of Education #1 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 Adams and Pike Counties Regional Office of Education #1’s policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. FUND ACCOUNTING

The ROE 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 ROE uses governmental, and fiduciary funds.

GOVERNMENTAL FUNDS

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

General Fund - General fund is the general operating fund of the agency. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund consists of General State Aid and minor activities such as copier and postage reimbursements.

Special Revenue Funds - Transactions related to resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes are accounted for in special revenue funds.

FIDUCIARY FUNDS

Agency Funds - Agency funds consist of funds received from the State Board of Education and distributed by the Adams and Pike Counties Regional Office of Education #1 to school districts and other organizations. These funds are custodial in nature and do not involve the measurement of the results of operations.

G. GOVERNMENTAL FUND BALANCES

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

Restricted Fund Balance - the portion of a Governmental Fund's net assets that are subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: Gifted Education, Student Assistance Program, State Free Lunch and Breakfast, National School Lunch Program, McKinney Education for Homeless Children, Regional Safe Schools, Technology Prep Additional, ARRA – General State Aid, SAFE Program, System of Support, and Teachers and Administrators Mentoring Program. The following funds are restricted by Illinois Statue: Institute, General Educational Development Fund, Bus Driver Fees and Pike County Film Cooperative.

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: Fingerprinting, School Directory, School Crisis Assistance Team and Local Fees.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned Fund Balance – available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the General Operations account, General State Aid, the Miscellaneous Fund, the Postage Fund and the Copier Fund.

H. 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 their 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 “investment in capital assets.”

I. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Equipment – 5 Years
Furniture – 7 Years

J. BUDGET INFORMATION

The ROE acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the General Fund and Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Administrators Academy, Regional Office of Prevention Effectiveness Services, Truants Alternative and Optional Education, ROE/ISC Operations, Student Assistance Program, McKinney Education for Homeless, Regional Safe Schools, Special Education Grants Infant/Toddler, Workforce Investment Act and ARRA – Education Jobs Fund.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. CASH AND CASH EQUIVALENTS

The ROE's cash and cash Equivalents are considered to be demand deposits and short-term investments. All interest income is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures, and Changes in Fund Balances.

L. 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.

M. DESCRIPTION OF FUNDS

The Adams and Pike Counties Regional Office of Education #1 reports the following major governmental funds:

The General Fund is the operating fund of the Adams and Pike Counties Regional Office of Education #1. It is used to account for all financial resources in the Region except those required to be accounted and reported for in other funds. General Funds include the following:

- A. General State Aid – This fund maintains revenues received from the State Board of Education earned on a per child basis and administers related program expenditures.
- B. Miscellaneous Fund – This fund represents accumulated unused grant funds from programs that no longer exist.
- C. Fingerprinting – This fund performs fingerprint-based criminal history record checks.
- D. General Operations – This fund accounts for monies received for expenditures in connection with general administrative activities.
- E. School Directory – This fund accounts for school directory expenditures that are made available to all the districts in the Region.
- F. Postage Fund – This fund accounts for all expenditures related to postage.
- G. Copier Fund – This fund accounts for all expenditures related to the copier.
- H. School Crisis Assistance Team – This program accounts for monies received to assist districts in the Region when a crisis strikes.
- I. Local Fees – This program accounts for monies received for the general operations of workshops and the administrators academy.

The Education fund is used to account for various grants supporting education enhancement programs and is a major special revenue fund. The following is a brief description of each program in the Adams and Pike Counties Regional Office of Education #1 Education fund:

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- J. Administrators Academy - The Adams and Pike Counties Regional Office of Education #1 received a State grant to provide workshops for area teachers.
- K. Regional Office of Prevention Effectiveness Services - This is a State grant to provide substance abuse prevention for youth ages 10-17 in Calhoun, Greene, Cass and Morgan Counties.
- L. Truants Alternative and Optional Education Program - This was a State grant to provide counseling and incentives for problem students.
- M. Gifted Education - This is a State and local grant to train teachers to work with highly intelligent student.
- N. ROE/ISC Operations – This fund accounts for grant monies received for and in payment of expenditures for assisting schools in all areas of school improvement.
- O. Student Assistance Program - This was a State grant to provide substance abuse prevention for youth ages 10-17 in Adams and Pike Counties.
- P. State Free Lunch and Breakfast - This was a State grant that provides free lunches and breakfasts to students eligible to receive free meals.
- Q. National School Lunch Program - This was a federal grant that provides nutritionally balanced, low-cost or free lunches to children each school day.
- R. McKinney Education for Homeless Children - The Adams and Pike Counties Regional Office of Education #1 received a State grant to provide for a local homeless liaison to help homeless students in the Region.
- S. Regional Safe Schools - The Adams and Pike Counties Regional Office of Education #1 receives a grant to assist in making schools safer. The agency is currently contracting with Quincy #172 and Pikeland to maintain the program.
- T. ARRA - McKinney Education for Homeless Children - The Adams and Pike Counties Regional Office of Education #1 received ARRA funds to provide for a local homeless liaison to help homeless students in the Region.
- U. Technology Prep Additional - A program which funds a college sponsored workshop for technology teacher education.
- V. School Breakfast Program - A federal grant that provides cash assistance to states to operate nonprofit breakfast programs in schools.
- W. Special Education Grants Infant/Toddler - The Adams and Pike Counties Regional Office of Education #1 received a federal grant provided by the Department of Human Services to fund a program for pre-school children with disabilities.
- X. American Recovery and Reinvestment Act (ARRA) - General State Aid - A federal grant used to support payments of the General State Aid formula to the Adams and Pike Counties Regional Office of Education #1.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Y. Workforce Investment Act – This program accounts for grant monies received for expenditures associated with vocational training services and coordination of activities to the economically disadvantaged.
- Z. Schools Against Fearful Environments (SAFE) - A program that provides security service from the Sheriff's Department to local school districts.
- AA. English Language Learners - The Adams and Pike Counties Regional Office of Education #1 received a federal grant to help teachers work with non-English-speaking immigrants.
- BB. ARRA – Education Jobs Fund – A federal grant used to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services.
- CC. Title II – Teacher Quality – This program accounts for grant monies received for and in payment of expenditures for activities that aim to increase student academic achievement through strategies such as improving teacher and principal quality; increasing the number of highly qualified teachers, principals and assistant principals in the schools; and holding local educational agencies and schools accountable for improvements in student academic achievement.
- DD. System of Support - The Adams and Pike Counties Regional Office of Education #1 received a grant to assist schools and improve annual school planning.
- EE. Teachers and Administrators Mentoring Program - A two-year comprehensive induction/mentoring program based on the State-approved Induction for the 21st Century Educator model.

The following is a brief description of each non-major special revenue fund:

- FF. Institute Fund (Adams and Pike Counties) - The Institute Fund is authorized by Section 3-12 of The School Code of Illinois (Illinois. Rev. Stat. 1987, ch. 122, para. 3-12). All examination, registration and renewal fees are paid into the Institute Fund, which is used to defray administrative expenses incidental to teacher's institutes, workshops, or meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.
- GG. General Education Development Fund - This fund was established to administer the high school level test of General Education Development.
- HH. Bus Driver Fees - This fund is financed by bus driver fees, which are used for training purposes.
- II. Pike Co. Film Cooperative Fund - This fund is financed by contributions from the six member schools within Pike County based on an amount equal to \$1.25 per enrolled student.

The following is a brief description of the Adams and Pike Counties Regional Office of Education #1's agency fund:

- JJ. Distributive Fund – The ROE receives funds from the State Board of Education which it distributes to school districts and other organizations

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 2 - RECLASSIFICATIONS

During the current fiscal year Fingerprinting, the Miscellaneous Fund and General State Aid were reclassified as part of the General Fund and fund balances in the amounts of \$6,077, \$813 and \$252,370, respectively, were reclassified. In addition, the ROE/ISC Operations fund balance was reclassified from the General Fund to the Education Fund in the amount of (\$65,206). These reclassifications were as a result of implementing GASB 54.

Note 3 - CASH AND CASH EQUIVALENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Adams and Pike Counties Regional Office of Education #1's deposits may not be returned to it. The Adams and Pike Counties Regional Office of Education #1 does not have a deposit policy for custodial credit risk. At June 30, 2011, the carrying amount of the ROE deposits was \$419,851 (including \$593 of fiduciary fund cash and excluding \$250,614 of cash overdraft liability) and the bank balance was \$596,336. Of the total bank balances as of June 30, 2011, \$268,082 was secured by federal depository insurance, \$327,661 by the Temporary Liquidity Guarantee Program, and \$593 was held in the Illinois Funds Money Market. The Temporary Liquidity Guarantee Program is a program that guarantee's all deposits in non interest-bearing transaction deposit accounts held in domestic offices of participating FDIC-insured institutions.

Investments

The Adams and Pike Counties Regional Office of Education #1 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2011, the Adams and Pike Counties Regional Office of Education #1 had investments with carrying and fair values of \$593 invested in the Illinois Funds Money Market.

Credit Risk

At June 30, 2011, the Illinois Funds Money Market Fund had a Standards and Poor's AAA rating. The pool is audited annually by an outside independent auditor, and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investments Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

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

Concentration of Credit Risk

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

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 4 - OTHER REQUIRED FUND DISCLOSURES

Deficit fund balances at June 30, 2011 are as follows:

Regional Office of Prevention Effectiveness Services	\$ 949
Truants Alternative and Optional Education	\$ 5,031
ROE/ISC Operations	\$ 9,537
Special Education Grants Infant/Toddler	\$ 36,655
Workforce Investment Act	\$ 4,360

Note 5 - COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn 10 to 20 vacation days for each full year of service, depending on years of service. At the end of each fiscal year, accumulated and carried forward vacation time can be up to 10 days. Employee vacation pay is recorded when paid. Accumulated unpaid vacation benefits were not determined but are not material in relation to the financial statements as a whole in the opinion of management. Upon termination, employees do not receive accrued vacation pay, and therefore, no liability is recorded.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to one year 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 recorded.

Note 6 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards, No. 107, "*Disclosures about Fair Value of Financial Instruments*," requires certain entities to disclose the estimated fair value of their financial instrument assets and liabilities. The Adams and Pike Counties Regional Office of Education #1's financial instruments consist principally of cash and cash equivalents, receivables and payables. There are no significant differences between the carrying value and fair value of any of these financial instruments.

Note 7 - ON-BEHALF PAYMENTS

Regional Superintendent Salary	\$ 96,435
Regional Superintendent Fringe Benefits (includes State paid insurance)	14,527
Assistant Regional Superintendent Salary	72,327
Assistant Regional Superintendent Fringe Benefits (includes State paid insurance)	1,048
Contributions to TRS and THIS	<u>32,016</u>
Total	<u>\$ 216,353</u>

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. Pension contribution data for Teachers' Retirement System participants was obtained from the Teachers' Retirement System of the State of Illinois.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 8 - OPERATING LEASES

At June 30, 2011, the ROE was a party to the following lease agreements:

On June 1, 2011, the Children and Family Connections Program of the Regional Office of Education entered into a one-year lease for office space with WCU Tower Corporation. The monthly lease payment is \$800.

Future minimum lease payments are as follows:

	<u>Amount</u>
For the fiscal years ending, June 30, 2012	<u>\$ 9,600</u>
Total future minimum lease payments	<u>\$ 9,600</u>

Note 9 - DISTRIBUTIVE FUND INTEREST

The Adams and Pike Counties Regional Office of Education #1 has agreements with its school districts that it may keep and use Distributive Fund interest for purposes that benefit all districts in Adams and Pike Counties.

Note 10 - OTHER POSTEMPLOYMENT BENEFITS

The Adams and Pike Counties Regional Office of Education #1 has evaluated its potential other post employment benefits liability. Former employees who choose to retain their rights to health insurance through the Adams and Pike Counties Regional Office of Education #1 are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Adams and Pike Counties Regional Office of Education #1's health insurance plan. Therefore, there has been zero percent utilization and therefore no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Adams and Pike Counties Regional Office of Education #1 had no former employees for which the Adams and Pike Counties Regional Office of Education #1 was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Adams and Pike Counties Regional Office of Education #1 has not recorded any post employment benefit liability as of June 30, 2011.

Note 11 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment in the amount of \$24,870 was recorded in the Special Education Grants Infant/Toddler fund to correct the beginning fund balance. A prior period adjustment in the amount of \$541 was recorded to the beginning office equipment and office equipment accumulated depreciation to correct beginning capital asset account balances.

Note 12 - INTERFUND TRANSFERS

During the current fiscal year there were three transfers. The first transfer was from the Safe Program to the General Fund in the amount of \$45,000 for an expenditure paid out of the General Fund. The second transfer was from the General Fund to English Language Learners in the amount of \$603 to cover a previous deficit balance. The last transfer was from State Free Breakfast and Lunch to School Breakfast program in the amount of \$1,169 to cover a previous deficit balance.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 13 - CAPITAL ASSETS

A summary of capital assets follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Governmental activities:				
<i>Capital assets being depreciated:</i>				
Office furniture	\$ 23,772	\$ -	\$ -	\$ 23,772
Office equipment	315,860	3,688	-	319,548
Total capital assets being depreciated	<u>339,632</u>	<u>3,688</u>	<u>-</u>	<u>343,320</u>
<i>Less accumulated depreciation for:</i>				
Office furniture	23,426	116	-	23,542
Office equipment	263,058	19,687	-	282,745
Total accumulated depreciation	<u>286,484</u>	<u>19,803</u>	<u>-</u>	<u>306,287</u>
Governmental activity capital assets, net	<u>\$ 53,148</u>	<u>(\$ 16,115)</u>	<u>\$ -</u>	<u>\$ 37,033</u>

Depreciation policies are disclosed in Note 1. Depreciation expense for the fiscal year ended June 30, 2011, was \$19,803.

Note 14 - RISK MANAGEMENT - INSURANCE

The ROE purchases commercial general liability, workers' compensation, and property insurance and is covered for all risks. There have been no significant reductions in coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for any of the three prior years.

Note 15 - DEFINED BENEFIT PENSION PLAN

Plan Description. The ROE's defined benefit pension plan for Regular employees provides retirement, disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Adams and Pike Counties Regional Office of Education #1's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the employer Regular plan members are required to contribute 4.50% 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 employees. The employer contribution rate for calendar year 2010 was 11.85%. The employer 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.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 15 - DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost. The required contribution for calendar year 2010 was \$68,389.

Three-Year Trend Information for the Regular Plan			
Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12-31-10	68,389	100%	\$ 0
12-31-09	7,092	100%	\$ 0
12-31-08	22,145	100%	\$ 0

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.50% investment rate of return (net of administrative expenses and direct investment expenses), (b) projected salary increases of 4.00% per year, attributable to inflation (c) additional projected salary increases ranging from .4% to 10.0% 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 employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 25% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on a open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 84.32 percent funded. The actuarial accrued liability for benefits was \$1,124,184 and the actuarial value of assets was \$947,920, resulting in an underfunded actuarial accrued liability (UAAL) of \$176,264. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$577,126 and the ratio of the UAAL to covered payroll was 31 percent.

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

Note 16 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Adams and Pike Counties Regional Office of Education #1 participates in the Teacher's Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2011 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and 2009.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 16 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The State of Illinois makes contributions directly to TRS on behalf of the Adams and Pike Counties Regional Office of Education #1 TRS-covered employees.

On-behalf contributions - The State of Illinois makes employer pension contributions on behalf of the Adams and Pike Counties Regional Office of Education #1. For the year ended June 30, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the Adams and Pike Counties Regional Office of Education #1 recognized revenue and expenditures of \$31,996 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contributions rates as percentages of creditable earnings were 23.38 percent (\$57,107) and 17.08 percent (\$16,531), respectively.

The Adams and Pike Counties Regional Office of Education #1 makes other types of employer contributions directly to TRS.

2.2 formula contributions - Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$11. Contributions for the years ending June 30, 2010 and June 30, 2009, were \$354 and \$527, respectively.

Federal and special trust fund contributions - When TRS members are paid from federal and special trust funds administered from the Adams and Pike Counties Regional Office of Education #1, there is a statutory requirement for the Adams and Pike Counties Regional Office of Education #1 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. For the years ended June 30, 2010 and June 30, 2009, required ROE contributions were \$11,261 and \$7,987, respectively.

Early Retirement Option (ERO) - The Adams and Pike Counties Regional Office of Education #1 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

For the year ended June 30, 2011, ROE paid \$35,235 to TRS for employer contributions under the ERO programs. For the years ended June 30, 2010 and June 30, 2009, ROE paid \$0 and \$0 in employer ERO contributions, respectively.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 16 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

Salary increases over 6 percent and excess sick leave - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the years ended June 30, 2011, June 30, 2010 and June 30, 2009, the Adams and Pike Counties Regional Office of Education #1 paid no employer contributions due on salary increases in excess of 6 percent.

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

For the years ended June 30, 2011, June 30, 2010 and June 30, 2009, the Adams and Pike Counties Regional Office of Education #1 paid no employer contributions granted for sick leave days in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2010. The report for the year ended June 30, 2011 is expected to be available in late 2011.

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

Note 17 - TEACHERS' HEALTH INSURANCE SECURITY FUND

The Adams and Pike Counties Regional Office of Education #1 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS fund and amendments to the plan can be made only by legislative action with Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS Fund.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 17- TEACHERS' HEALTH INSURANCE SECURITY FUND (Continued)

On-behalf contributions – The State of Illinois makes employer retiree health insurance contributions on behalf of the Adams and Pike Counties Regional Office of Education #1. State contributions are intended to match contributions to THIS fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$20, and the Adams and Pike Counties Regional Office of Education #1 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2010 and June 30, 2009 were 0.84 percent of pay. State contributions on behalf of Adams and Pike Counties Regional Office of Education #1 employees were \$513 and \$813, respectively.

Employer Contributions to THIS Fund – The Adams and Pike Counties Regional Office of Education #1 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011, and 0.63 percent during the years ended June 30, 2010 and June 30, 2009. For the year ended June 30, 2011, the Adams and Pike Counties Regional Office of Education #1 paid \$35 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the Adams and Pike Counties Regional Office of Education #1 paid \$897 and \$1,335 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 18 - SUBSEQUENT EVENT

Management has evaluated subsequent events through December 6, 2011, the date which the financial statements were available for issue.

Required Supplemental Information
(Other than Management's Discussion & Analysis)

ADAMS AND PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 Illinois Municipal Retirement Fund (IMRF)
 (UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability 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]
12/31/2010	947,920	1,124,184	176,264	84.32%	577,126	30.54%
12/31/2009	822,488	995,689	173,201	82.60%	590,965	29.31%
12/31/2008	793,365	910,330	116,965	87.15%	601,769	19.44%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$1,012,604. On a market basis, the funded ratio would be 90.07%

SUPPLEMENTAL INFORMATION

ADAMS AND PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2011

	General State Aid	Miscellaneous Fund	Fingerprinting	General Operations	School Directory	Postage Fund	Copier Fund	School Crisis Assistance Team	Local Fees	Combined Total
ASSETS										
Cash and cash equivalents	\$ 322,898	\$ 87,626	\$ 9,841	\$ 41,501	\$ 11,569	\$ 8,148	\$ 9,414	\$ 984	\$ 49,617	\$ 541,598
Accounts receivable	-	222	-	-	-	44	977	-	4,620	5,863
Total assets	\$ 322,898	\$ 87,848	\$ 9,841	\$ 41,501	\$ 11,569	\$ 8,192	\$ 10,391	\$ 984	\$ 54,237	\$ 547,461
LIABILITIES AND FUND BALANCE										
Liabilities										
Accounts payable	\$ -	\$ -	\$ 914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,107	\$ 4,021
Payroll taxes and liabilities payable	-	-	-	500	-	-	-	-	-	500
Total liabilities	-	-	914	500	-	-	-	-	3,107	4,521
Fund balances										
Assigned	-	-	8,927	-	11,569	-	-	984	51,130	72,610
Unassigned	322,898	87,848	-	41,001	-	8,192	10,391	-	-	470,330
Total fund balance	322,898	87,848	8,927	41,001	11,569	8,192	10,391	984	51,130	542,940
Total liabilities and fund balance	\$ 322,898	\$ 87,848	\$ 9,841	\$ 41,501	\$ 11,569	\$ 8,192	\$ 10,391	\$ 984	\$ 54,237	\$ 547,461

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	General State Aid	Miscellaneous Fund	Fingerprinting	General Operations	School Directory	Postage Fund	Copier Fund	School Crisis Assistance Team	Local Fees	Combined Total
Revenues										
Registration, certification and permit fees	\$ -	\$ -	\$ 15,284	\$ -	\$ 6,555	\$ -	\$ -	\$ -	\$ 22,495	\$ 44,334
Local sources	-	116,446	-	110,103	-	4,821	8,466	-	-	239,836
State sources	250,498	-	-	-	-	-	-	-	-	250,498
State sources - on behalf payments	216,353	-	-	-	-	-	-	-	-	216,353
Interest income	299	3	1	5	1	1	1	-	6	317
Total revenues	<u>467,150</u>	<u>116,449</u>	<u>15,285</u>	<u>110,108</u>	<u>6,556</u>	<u>4,822</u>	<u>8,467</u>	<u>-</u>	<u>22,501</u>	<u>751,338</u>
Expenditures										
Salaries and benefits	-	34,332	-	125,119	-	-	-	-	-	159,451
Salaries and benefits - on behalf payments	216,353	-	-	-	-	-	-	-	-	216,353
Purchased services	9,352	35,982	12,435	1,854	-	-	-	-	13,627	73,250
Travel and entertainment	377	1,556	-	-	1,090	-	-	-	11,980	15,003
Supplies and materials	17	1,100	-	-	-	-	-	-	1,469	2,586
Institute expenses and workshops	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	620	-	-	-	-	-	-	762	1,382
Communication	-	-	-	-	371	-	-	-	537	908
Postage and copies	25	-	-	-	-	756	3,925	-	-	4,706
Payment to other governmental units	170,498	-	-	-	-	-	-	-	-	170,498
Other	-	221	-	-	2,940	-	-	-	-	3,161
Total expenditures	<u>396,622</u>	<u>73,811</u>	<u>12,435</u>	<u>126,973</u>	<u>4,401</u>	<u>756</u>	<u>3,925</u>	<u>-</u>	<u>28,375</u>	<u>647,298</u>
Excess/(deficiency) of revenues over expenditures	70,528	42,638	2,850	(16,865)	2,155	4,066	4,542	-	(5,874)	104,040
Other financing sources (uses)										
Transfers in	-	45,000	-	-	-	-	-	-	-	45,000
Transfers out	-	(603)	-	-	-	-	-	-	-	(603)
Total other financing sources	<u>-</u>	<u>44,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,397</u>
Net changes in fund balances	70,528	87,035	2,850	(16,865)	2,155	4,066	4,542	-	(5,874)	148,437
Fund balance, Beginning of year	<u>252,370</u>	<u>813</u>	<u>6,077</u>	<u>57,866</u>	<u>9,414</u>	<u>4,126</u>	<u>5,849</u>	<u>984</u>	<u>57,004</u>	<u>394,503</u>
Fund balance, End of year	<u>\$ 322,898</u>	<u>\$ 87,848</u>	<u>\$ 8,927</u>	<u>\$ 41,001</u>	<u>\$ 11,569</u>	<u>\$ 8,192</u>	<u>\$ 10,391</u>	<u>\$ 984</u>	<u>\$ 51,130</u>	<u>\$ 542,940</u>

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2011

	Administrators Academy	Regional Office of Prevention Effectiveness Services	Truants Alternative and Optional Education	Gifted Educaton	ROE/ISC Operations	Student Assistance Program	State Free Lunch and Breakfast	National School Lunch Program	McKinney Education for Homeless Children	Regional Safe Schools	ARRA - McKinney Education for Homeless Children
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 124	\$ -	\$ -	\$ 538	\$ 243	\$ 2,539	\$ -	\$ -
Grants receivable	-	23,200	32,979	-	58,537	5,892	83	-	-	45,939	-
Total assets	\$ -	\$ 23,200	\$ 32,979	\$ 124	\$ 58,537	\$ 5,892	\$ 621	\$ 243	\$ 2,539	\$ 45,939	\$ -
LIABILITIES AND FUND BALANCE											
Liabilities											
Cash overdraft	\$ -	\$ 24,149	\$ 32,913	\$ -	\$ 56,537	\$ 4,642	\$ -	\$ -	\$ -	\$ 42,662	\$ -
Deferred revenue	-	-	5,097	-	11,537	-	-	-	-	-	-
Total liabilities	-	24,149	38,010	-	68,074	4,642	-	-	-	42,662	-
Fund balances											
Restricted	-	-	-	124	-	1,250	621	243	2,539	3,277	-
Unassigned	-	(949)	(5,031)	-	(9,537)	-	-	-	-	-	-
Total fund balance	-	(949)	(5,031)	124	(9,537)	1,250	621	243	2,539	3,277	-
Total liabilities and fund balance	\$ -	\$ 23,200	\$ 32,979	\$ 124	\$ 58,537	\$ 5,892	\$ 621	\$ 243	\$ 2,539	\$ 45,939	\$ -

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2011

	Tech. Prep Additional	School Breakfast Program	Special Education Grants Infant/Toddler	ARRA - General State Aid	Workforce Investment Act	SAFE Program	English Language Learners	ARRA - Education Jobs Fund	Title II - Teacher Quality	System of Support	Teachers and Administrators Mentoring Program	Combined Total
ASSETS												
Cash and cash equivalents	\$ 47	\$ -	\$ -	\$ 1	\$ -	\$ 48,324	\$ -	\$ -	\$ -	\$ 17,928	\$ 1	\$ 69,745
Grants receivable	-	-	32,800	-	4,360	-	-	-	15,896	71	-	219,757
Total assets	\$ 47	\$ -	\$ 32,800	\$ 1	\$ 4,360	\$ 48,324	\$ -	\$ -	\$ 15,896	\$ 17,999	\$ 1	\$ 289,502
LIABILITIES AND FUND BALANCE												
Liabilities												
Cash overdraft	\$ -	\$ -	\$ 69,455	\$ -	\$ 4,360	\$ -	\$ -	\$ -	\$ 15,896	\$ -	\$ -	\$ 250,614
Deferred revenue	-	-	-	-	4,360	-	-	-	-	-	-	20,994
Total liabilities	-	-	69,455	-	8,720	-	-	-	15,896	-	-	271,608
Fund balances												
Restricted	47	-	-	1	-	48,324	-	-	-	17,999	1	74,426
Unassigned	-	-	(36,655)	-	(4,360)	-	-	-	-	-	-	(56,532)
Total fund balance	47	-	(36,655)	1	(4,360)	48,324	-	-	-	17,999	1	17,894
Total liabilities and fund balance	\$ 47	\$ -	\$ 32,800	\$ 1	\$ 4,360	\$ 48,324	\$ -	\$ -	\$ 15,896	\$ 17,999	\$ 1	\$ 289,502

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	Administrators Academy	Regional Office of Prevention Effectiveness Services	Truants Alternative and Optional Education	Gifted Educator	ROE/ISC Operations	Student Assistance Program	State Free Lunch and Breakfast	National School Lunch Program	McKinney Education for Homeless Children	Regional Safe Schools	ARRA - McKinney Education for Homeless Children
Revenues											
Registration, certification and permit fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	-	-	-	-	-
State sources	20,000	41,311	78,603	-	155,645	72,045	285	-	-	115,637	-
Federal sources	-	55,530	-	-	-	-	-	6,176	16,708	-	-
Interest income	-	-	-	1	-	-	-	-	-	-	-
Total revenues	20,000	96,841	78,603	1	155,645	72,045	285	6,176	16,708	115,637	-
Expenditures											
Salaries and benefits	20,269	68,474	42,915	7,567	49,718	57,932	-	-	11,236	3,979	1,051
Purchased services	-	5,353	10,417	20,117	39,799	5,526	167	-	341	-	449
Travel and entertainment	-	15,376	4,427	-	5,836	8,294	-	-	990	-	-
Supplies and materials	-	6,649	390	75	3,943	856	-	6,175	795	-	-
Institute expenses and workshops	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	600	-	-
Communication	-	-	369	-	590	-	-	-	-	-	-
Postage and copies	-	-	304	-	-	-	-	-	322	-	-
Payment to other governmental units	-	-	133	-	90	-	-	-	-	70,939	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	20,269	95,852	58,955	27,759	99,976	72,608	167	6,175	14,284	74,918	1,500
Excess/(deficiency) of revenues over expenditures	(269)	989	19,648	(27,758)	55,669	(563)	118	1	2,424	40,719	(1,500)
Other financing sources (uses)											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(1,169)	-	-	-	-
Total other financing sources	-	-	-	-	-	-	(1,169)	-	-	-	-
Net changes in fund balances	(269)	989	19,648	(27,758)	55,669	(563)	(1,051)	1	2,424	40,719	(1,500)
Fund balance, Beginning of year	269	(1,938)	(24,679)	27,882	(65,206)	1,813	1,672	242	115	(37,442)	1,500
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-
Fund balance, End of year	\$ -	\$ (949)	\$ (5,031)	\$ 124	\$ (9,537)	\$ 1,250	\$ 621	\$ 243	\$ 2,539	\$ 3,277	\$ -

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	Tech. Prep Additional	School Breakfast Program	Special Education Grants Infant/Toddler	ARRA - General State Aid	Workforce Investment Act	SAFE Program	English Language Learners	ARRA - Education Jobs Fund	Title II - Teacher Quality	System of Support	Teachers and Administrators Mentoring Program	Combined Total
Revenues												
Registration, certification and permit fees	\$ 5,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,575
Local sources	-	-	-	-	-	45,819	-	-	-	-	-	45,819
State sources	-	-	318,960	-	-	-	-	-	-	-	47,165	849,651
Federal sources	-	-	73,940	-	-	-	-	22,808	99,356	36,136	-	310,654
Interest income	-	-	-	-	-	11	-	-	1	1	-	14
Total revenues	5,575	-	392,900	-	-	45,830	-	22,808	99,357	36,137	47,165	1,211,713
Expenditures												
Salaries and benefits	-	-	300,518	-	4,287	-	-	8,000	35,169	25,777	-	636,892
Purchased services	9,523	-	64,842	-	73	-	-	14,808	52,697	624	-	224,736
Travel and entertainment	-	-	22,756	-	-	-	-	-	-	1,998	-	59,677
Supplies and materials	-	-	4,057	-	-	-	-	-	11,491	-	-	34,431
Institute expenses and workshops	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	1,706	-	-	-	-	-	-	-	-	2,306
Communication	-	-	-	-	-	-	-	-	-	-	-	959
Postage and copies	-	-	-	-	-	-	-	-	-	-	-	626
Payment to other governmental units	-	-	16,556	-	-	-	-	-	-	-	-	87,718
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	9,523	-	410,435	-	4,360	-	-	22,808	99,357	28,399	-	1,047,345
Excess/(deficiency) of revenues over expenditures	(3,948)	-	(17,535)	-	(4,360)	45,830	-	-	-	7,738	47,165	164,368
Other financing sources (uses)												
Transfers in	-	1,169	-	-	-	-	603	-	-	-	-	1,772
Transfers out	-	-	-	-	-	(45,000)	-	-	-	-	-	(46,169)
Total other financing sources	-	1,169	-	-	-	(45,000)	603	-	-	-	-	(44,397)
Net changes in fund balances	(3,948)	1,169	(17,535)	-	(4,360)	830	603	-	-	7,738	47,165	119,971
Fund balance, Beginning of year	3,995	(1,169)	5,750	1	-	47,494	(603)	-	-	10,261	(47,164)	(77,207)
Prior period adjustment	-	-	(24,870)	-	-	-	-	-	-	-	-	(24,870)
Fund balance, End of year	\$ 47	\$ -	\$ (36,655)	\$ 1	\$ (4,360)	\$ 48,324	\$ -	\$ -	\$ -	\$ 17,999	\$ 1	\$ 17,894

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2011

<u>Administrators Academy</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	20,000	20,000	-
Federal sources	-	-	-
Interest income	-	-	-
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Expenditures:			
Salaries and benefits	18,644	20,269	(1,625)
Purchased services	1,356	-	1,356
Travel and entertainment	-	-	-
Supplies and materials	-	-	-
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	-	-	-
Other	-	-	-
Total expenditures	<u>20,000</u>	<u>20,269</u>	<u>(269)</u>
Net change in fund balances	<u>\$ -</u>	<u>(269)</u>	<u>\$ (269)</u>
Fund balance, Beginning of year		269	
Fund balance, End of year		<u>\$ -</u>	

<u>Regional Office of Prevention Effectiveness Services</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	41,206	41,311	105
Federal sources	55,530	55,530	-
Interest income	-	-	-
Total revenues	<u>96,736</u>	<u>96,841</u>	<u>105</u>
Expenditures:			
Salaries and benefits	68,188	68,474	(286)
Purchased services	5,454	5,353	101
Travel and entertainment	17,467	15,376	2,091
Supplies and materials	5,100	6,649	(1,549)
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	100	-	100
Payment to other governmental units	-	-	-
Other	427	-	427
Total expenditures	<u>96,736</u>	<u>95,852</u>	<u>884</u>
Net change in fund balances	<u>\$ -</u>	<u>989</u>	<u>\$ 989</u>
Fund balance, Beginning of year		(1,938)	
Fund balance, End of year		<u>\$ (949)</u>	

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

Truants Alternative and Optional Education			
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	58,473	78,603	20,130
Federal sources	-	-	-
Interest income	-	-	-
Total revenues	58,473	78,603	20,130
Expenditures:			
Salaries and benefits	40,689	42,915	(2,226)
Purchased services	16,784	10,417	6,367
Travel and entertainment	-	4,427	(4,427)
Supplies and materials	1,000	390	610
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	369	(369)
Postage and copies	-	304	(304)
Payment to other governmental units	-	133	(133)
Other	-	-	-
Total expenditures	58,473	58,955	(482)
Net change in fund balances	\$ -	19,648	\$ 19,648
Fund balance, Beginning of year		(24,679)	
Fund balance, End of year		<u>\$ (5,031)</u>	

ROE/ISC Operations			
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	101,537	155,645	54,108
Federal sources	-	-	-
Interest income	-	-	-
Total revenues	101,537	155,645	54,108
Expenditures:			
Salaries and benefits	46,578	49,718	(3,140)
Purchased services	52,207	39,799	12,408
Travel and entertainment	2,752	5,836	(3,084)
Supplies and materials	-	3,943	(3,943)
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	590	(590)
Postage and copies	-	-	-
Payment to other governmental units	-	90	(90)
Other	-	-	-
Total expenditures	101,537	99,976	1,561
Net change in fund balances	\$ -	55,669	\$ 55,669
Fund balance, Beginning of year		(65,206)	
Fund balance, End of year		<u>\$ (9,537)</u>	

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	Student Assistance Program		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	71,123	72,045	922
Federal sources	-	-	-
Interest income	-	-	-
Total revenues	71,123	72,045	922
Expenditures:			
Salaries and benefits	57,098	57,932	(834)
Purchased services	6,081	5,526	555
Travel and entertainment	7,045	8,294	(1,249)
Supplies and materials	300	856	(556)
Institute expenses and workshops	-	-	-
Capital outlay	599	-	599
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	-	-	-
Other	-	-	-
Total expenditures	71,123	72,608	(1,485)
Net change in fund balances	\$ -	(563)	\$ (563)
Fund balance, Beginning of year		1,813	
Fund balance, End of year		<u>\$ 1,250</u>	

	McKinney Education for Homeless		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	16,710	16,708	(2)
Interest income	-	-	-
Total revenues	16,710	16,708	(2)
Expenditures:			
Salaries and benefits	12,325	11,236	1,089
Purchased services	2,985	341	2,644
Travel and entertainment	-	990	(990)
Supplies and materials	1,400	795	605
Institute expenses and workshops	-	-	-
Capital outlay	-	600	(600)
Communication	-	-	-
Postage and copies	-	322	(322)
Payment to other governmental units	-	-	-
Other	-	-	-
Total expenditures	16,710	14,284	2,426
Net change in fund balances	\$ -	2,424	\$ 2,424
Fund balance, Beginning of year		115	
Fund balance, End of year		<u>\$ 2,539</u>	

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	Regional Safe Schools		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	75,939	115,637	39,698
Federal sources	-	-	-
Interest income	-	-	-
Total revenues	75,939	115,637	39,698
Expenditures:			
Salaries and benefits	5,000	3,979	1,021
Purchased services	-	-	-
Travel and entertainment	-	-	-
Supplies and materials	-	-	-
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	70,939	70,939	-
Other	-	-	-
Total expenditures	75,939	74,918	1,021
Net change in fund balances	\$ -	40,719	\$ 40,719
Fund balance, Beginning of year		(37,442)	
Fund balance, End of year		<u>\$ 3,277</u>	

	Special Education Grants Infant/Toddler		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	357,060	318,960	(38,100)
Federal sources	73,940	73,940	-
Interest income	-	-	-
Total revenues	431,000	392,900	(38,100)
Expenditures:			
Salaries and benefits	315,576	300,518	15,058
Purchased services	68,091	64,842	3,249
Travel and entertainment	23,896	22,756	1,140
Supplies and materials	4,260	4,057	203
Institute expenses and workshops	-	-	-
Capital outlay	1,791	1,706	85
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	17,386	16,556	830
Other	-	-	-
Total expenditures	431,000	410,435	20,565
Net change in fund balances	\$ -	(17,535)	\$ (17,535)
Fund balance, Beginning of year		5,750	
Prior period adjustment		(24,870)	
Fund balance, End of year		<u>\$ (36,655)</u>	

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

Workforce Investment Act			
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local sources	\$ 32,000	\$ -	\$ (32,000)
State sources	-	-	-
Federal sources	-	-	-
Interest income	-	-	-
Total revenues	32,000	-	(32,000)
Expenditures:			
Salaries and benefits	24,400	4,287	20,113
Purchased services	1,500	73	1,427
Travel and entertainment	6,100	-	6,100
Supplies and materials	-	-	-
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	-	-	-
Other	-	-	-
Total expenditures	32,000	4,360	27,640
Net change in fund balances	\$ -	(4,360)	\$ (4,360)
Fund balance, Beginning of year		-	
Fund balance, End of year		<u>\$ (4,360)</u>	

ARRA - Education Jobs Fund			
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	22,808	22,808	-
Interest income	-	-	-
Total revenues	22,808	22,808	-
Expenditures:			
Salaries and benefits	8,000	8,000	-
Purchased services	14,808	14,808	-
Travel and entertainment	-	-	-
Supplies and materials	-	-	-
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	-	-	-
Other	-	-	-
Total expenditures	22,808	22,808	-
Net change in fund balances	\$ -	-	\$ -
Fund balance, Beginning of year		-	
Fund balance, End of year		<u>\$ -</u>	

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	Title II - Teacher Quality		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	97,647	99,356	1,709
Interest income	-	1	1
Total revenues	97,647	99,357	1,710
Expenditures:			
Salaries and benefits	37,034	35,169	1,865
Purchased services	51,037	52,697	(1,660)
Travel and entertainment	-	-	-
Supplies and materials	9,576	11,491	(1,915)
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	-	-	-
Other	-	-	-
Total expenditures	97,647	99,357	(1,710)
Net change in fund balances	\$ -	-	\$ -
Fund balance, Beginning of year		-	
Fund balance, End of year		\$ -	

ADAMS AND PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2011

	Institute Funds Adams County	Institute Funds Pike County	General Education Development Fund	Bus Driver Fees	Pike County Film Cooperative Fund	TOTAL
ASSETS						
Cash and cash equivalents	\$ 14,841	\$ 8,942	\$ 13,291	\$ 16,055	\$ 5,400	\$ 58,529
Total assets	<u>\$ 14,841</u>	<u>\$ 8,942</u>	<u>\$ 13,291</u>	<u>\$ 16,055</u>	<u>\$ 5,400</u>	<u>\$ 58,529</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 575	\$ -	\$ -	\$ 575
Total liabilities	<u>-</u>	<u>-</u>	<u>575</u>	<u>-</u>	<u>-</u>	<u>575</u>
Fund balance						
Restricted	14,841	8,942	12,716	16,055	5,400	57,954
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>14,841</u>	<u>8,942</u>	<u>12,716</u>	<u>16,055</u>	<u>5,400</u>	<u>57,954</u>
Total liabilities and fund balance	<u>\$ 14,841</u>	<u>\$ 8,942</u>	<u>\$ 13,291</u>	<u>\$ 16,055</u>	<u>\$ 5,400</u>	<u>\$ 58,529</u>

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Institute Funds Adams County	Institute Funds Pike County	General Education Development Fund	Bus Driver Fees	Pike County Film Cooperative Fund	TOTAL
Revenues:						
Registration, certification and permit fees	\$ 15,284	\$ 4,959	\$ 21,520	\$ 1,858	\$ -	\$ 43,621
Local sources	-	-	-	-	-	-
State sources	-	-	-	852	-	852
Interest income	3	3	1	4	4	15
Total revenues	<u>15,287</u>	<u>4,962</u>	<u>21,521</u>	<u>2,714</u>	<u>4</u>	<u>44,488</u>
Expenditures:						
Salaries and benefits	-	-	-	-	-	-
Purchased services	-	-	8,522	1,572	-	10,094
Travel and entertainment	396	-	2,082	500	-	2,978
Supplies and materials	-	-	119	-	-	119
Institute expenses and workshops	8,708	1,942	-	-	-	10,650
Capital outlay	-	-	-	-	-	-
Communication	-	-	842	-	-	842
Postage and copies	-	-	347	-	-	347
Payment to other government units	-	-	-	-	-	-
Other	-	-	3,641	-	-	3,641
Total expenditures	<u>9,104</u>	<u>1,942</u>	<u>15,553</u>	<u>2,072</u>	<u>-</u>	<u>28,671</u>
Excess/(deficiency) of revenues over expenditures	6,183	3,020	5,968	642	4	15,817
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	6,183	3,020	5,968	642	4	15,817
Fund balance, Beginning of year	<u>8,658</u>	<u>5,922</u>	<u>6,748</u>	<u>15,413</u>	<u>5,396</u>	<u>42,137</u>
Fund balance, End of year	<u>\$ 14,841</u>	<u>\$ 8,942</u>	<u>\$ 12,716</u>	<u>\$ 16,055</u>	<u>\$ 5,400</u>	<u>\$ 57,954</u>

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2011

<u>DISTRIBUTIVE FUND</u>	Balance			Balance
	July 1, 2010	Additions	Reductions	June 30, 2011
<u>ASSETS</u>				
Cash	\$ 3	\$ 1,462,565	\$ 1,461,975	\$ 593
Total assets	3	1,462,565	1,461,975	593
<u>LIABILITIES</u>				
Accumulated interest payable	\$ 3	\$ 590	\$ -	\$ 593
Total liabilities	\$ 3	\$ 590	\$ -	\$ 593

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	West Central Region #240	ROE #1	Totals
General State Aid	\$ -	\$ 250,498	\$ 250,498
ARRA - Jobs Fund	-	22,808	22,808
National School Lunch Program	-	6,187	6,187
National School Breakfast Program	-	222	222
State Free Lunch and Breakfast	-	201	201
Interest transfer	-	8	8
ROE/ISC Operations	-	118,645	118,645
ROE/ISC School Bus Driver Training	-	852	852
Regional Safe Schools	-	149,698	149,698
Teachers and Administrators Mentoring Program	-	47,165	47,165
Title II - Teachers Quality	-	83,460	83,460
Truants Alternative and Optional Education	-	64,321	64,321
Vocational Education	717,910	-	717,910
	<u>\$ 717,910</u>	<u>\$ 744,065</u>	<u>\$ 1,461,975</u>

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