

**State of Illinois
CLAY/ CRAWFORD/JASPER
LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
FINANCIAL AUDIT
For the Year Ended June 30, 2013**

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
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 JUNE 30, 2013

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CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
JUNE 30, 2013

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Mr. Monte Newlin

Assistant Regional Superintendent
(Current and during the audit period)

Mr. Corrie Ray

Offices are located at:

CLAY
P.O. Box 97
Louisville, IL 62858

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

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

LAWRENCE
1100 State St.
Lawrenceville, IL 62439

RICHLAND
103 W. Main
Olney, IL 62450

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
JUNE 30, 2013

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.

AUDITORS' REPORTS

The auditors' reports 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	0	0
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	0	0

SUMMARY OF FINDINGS AND RESPONSES

Item No. Page Description Finding Type

FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

None

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
JUNE 30, 2013

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

An informal exit conference was held on September 5, 2013. There were no audit findings to discuss. Attending were Monte Newlin, Regional Superintendent of Schools, Crystal Smith, Controller, and Karen Bojda, Kemper CPA Group LLP.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
JUNE 30, 2013

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Clay/Crawford/Jasper/Lawrence/Richland Counties Regional Office of Education #12 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #12's basic financial statements.



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #12, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Regional Office of Education #12's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #12, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 13a through 13f and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #12's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2014 on our consideration of the Regional Office of Education #12's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Regional Office of Education #12's internal control over financial reporting and compliance.

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
January 22, 2014



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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #12, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Regional Office of Education #12's basic financial statements and have issued our report thereon dated January 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional Office of Education #12's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional Office of Education #12's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional Office of Education #12's internal control.

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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional Office of Education #12's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Regional Office of Education #12's internal control or on compliance. This report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering Regional Office of Education #12's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
January 22, 2014

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
● Material weaknesses identified?	No
● Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no audit findings for the year ended June 30, 2013.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
	There were no audit findings for the year ended June 30, 2012.	

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

The Clay/Crawford/Jasper/Lawrence/Richland Counties Regional Office of Education #12 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, 2013. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2013 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$83,261 from \$1,310,031 in FY12 to \$1,393,292 in FY13. Revenues from local sources and on-behalf payments increased while revenue from State sources decreased. General Fund expenditures increased by \$214,537 from \$1,072,024 in FY12 to \$1,286,561 in FY13. Salaries and benefits, supplies and materials, and on-behalf payments all increased while purchased services decreased. The increase in revenue and expenses for on-behalf payments was due to Regional Office having a full-time Assistant Regional Superintendent for the entire year.
- Within the Governmental Funds, the Special Revenue Funds revenue decreased by \$34,891 from \$1,307,329 in FY12 to \$1,272,438 in FY13. Revenues from State and federal sources decreased while those from local sources increased. The Special Revenue Funds expenditures decreased by \$7,502 from \$1,325,045 in FY12 to \$1,317,543 in FY13. Expenditures for salaries and benefits and capital outlay decreased while purchased services and supplies and materials increased in FY13.

Using This Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office as a whole and present an overall view of the Regional Office's finances.
- Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements, and supplementary information provides detailed information about the non-major funds.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Reporting the Regional Office as a Whole

The Statement of Net Position and the Statement of Activities

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

The two Government-wide statements report the Regional Office's net position and how it has changed. Net position – the difference between the assets and liabilities – is one way to measure the Regional Office's financial health or position.

- Over time, increases or decreases in net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and non-funded mandates, need to be considered.

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

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

The Regional Office has three kinds of funds:

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2013

Reporting the Regional Office as a Whole (Concluded)

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

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

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

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

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 position may serve over time as one indicator of the financial position of the Regional Office. The net position at the end of FY13 totaled \$1,920,086. At the end of FY12, the net position was \$1,877,351. The analysis that follows provides a summary of the Office's net position at June 30, 2013 and 2012.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 1,909,374	\$ 1,835,930	\$ 25,118	\$ 47,362	\$ 1,934,492	\$ 1,883,292
Capital assets, net	41,449	48,442	2,773	-	44,222	48,442
Total assets	<u>1,950,823</u>	<u>1,884,372</u>	<u>27,891</u>	<u>47,362</u>	<u>1,978,714</u>	<u>1,931,734</u>
Current liabilities	58,627	52,931	1	1,452	58,628	54,383
Total liabilities	<u>58,627</u>	<u>52,931</u>	<u>1</u>	<u>1,452</u>	<u>58,628</u>	<u>54,383</u>
Net position:						
Invested in capital assets	41,449	48,442	2,773	-	44,222	48,442
Restricted for educational purposes	47,831	81,411	-	-	47,831	81,411
Unrestricted	1,802,916	1,701,588	25,117	45,910	1,828,033	1,747,498
Total net position	<u>\$ 1,892,196</u>	<u>\$ 1,831,441</u>	<u>\$ 27,890</u>	<u>\$ 45,910</u>	<u>\$ 1,920,086</u>	<u>\$ 1,877,351</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Government-Wide Financial Analysis (Concluded)

The Regional Office's net position increased \$42,735 from FY12 to FY13. Governmental activities net position increased by \$60,755. Business-type activities net position decreased by \$18,020. In addition, net position related to the Teacher Institute Fund is considered restricted for teacher professional development.

The following analysis shows the changes in net position for the years ended June 30, 2013 and 2012.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 1,266,560	\$ 1,271,715	\$ -	\$ -	\$ 1,266,560	\$ 1,271,715
General revenues:						
Local sources	642,820	584,597	-	-	642,820	584,597
State sources	222,335	387,098	-	-	222,335	387,098
On-behalf payments	534,015	373,950	-	-	534,015	373,950
Loss on disposal of assets	(1,277)	(2,420)	-	-	(1,277)	(2,420)
Charges for services	-	-	70,091	80,739	70,091	80,739
Interest	6,122	5,890	3	5	6,125	5,895
Total revenues	2,670,575	2,620,830	70,094	80,744	2,740,669	2,701,574
Expenses:						
Programs expenses:						
Salaries and benefits	1,345,447	1,325,936	6,388	24,367	1,351,835	1,350,303
Purchased services	483,587	494,564	72,881	47,709	556,468	542,273
Supplies and materials	199,439	168,798	8,223	14,002	207,662	182,800
Other objects	4,705	4,796	-	-	4,705	4,796
Payments to other governments	22,500	-	-	-	22,500	-
Depreciation	20,127	21,155	622	-	20,749	21,155
Administrative expenses:						
On-behalf payments - state	534,015	373,950	-	-	534,015	373,950
Total expenses	2,609,820	2,389,199	88,114	86,078	2,697,934	2,475,277
Changes in net position	60,755	231,631	(18,020)	(5,334)	42,735	226,297
Net position, beginning of year	1,831,441	1,599,810	45,910	51,244	1,877,351	1,651,054
Net position, end of year	\$ 1,892,196	\$ 1,831,441	\$ 27,890	\$ 45,910	\$ 1,920,086	\$ 1,877,351

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Financial Analysis of the Regional Office of Education #12 Funds

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

The Regional Office's Governmental Funds reported combined fund balances of \$1,850,747 in FY13 and \$1,782,999 in FY12. The primary reason for the increase in combined fund balances in FY13 was due to the Regional Office's efforts to keep costs down. The Regional Office has tried to keep purchased services and salaries and benefits as low as possible while still providing necessary services to the public.

Governmental Fund Highlights

Revenues for governmental activities were \$2,670,575 and expenditures were \$2,609,820. The Regional Office experienced an increase in revenues and expenditures during FY13.

Special Projects revenues and expenditures increased in FY13.

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

Education Fund revenues decreased by \$32,126 from FY12. Total Education Fund expenditures decreased by \$6,301 during FY13. Salaries and benefits decreased while purchased services and supplies and materials increased.

Proprietary Fund Highlights

Revenues for proprietary activities were \$70,091 and expenses were \$88,114. Revenues from workshops decreased during FY13 due to a decrease in attendance.

Budgetary Highlights

The Regional Office annually adopts budgets for certain grants, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Regional Office amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and State sources or for additional services needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the Regional Office's actual financial activity is included in the supplementary information section of this report on pages 52 through 58.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Capital Assets

Capital assets of the Regional Office include office equipment, computers, audio-visual equipment and office furniture. The Regional Office maintains an inventory of capital assets that has accumulated over time. The decrease for FY13 came as a result of disposing of some assets during the year. In addition, the Regional Office has adopted a depreciation schedule that reflects the level of capital assets, net of accumulated depreciation.

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation level used in the calculation of General State Aid remains at \$6,119 per student; however, only 89% of entitled funds will be paid out during FY14.
- FY14 funding for Technology for Success will be 85% of FY13 funding.
- FY14 funding for Early Childhood will remain at the same level as FY13 funding.
- FY14 funding for McKinney Vento Homeless will be 65% of FY13 funding.
- FY14 funding for Truants Alternative/Optional Education will be 97% of FY13 funding.
- FY14 funding for Regional Safe Schools will be 98% of FY13 funding.
- Regional Office of Education #12 will no longer be receiving funding through System of Support (RESPRO).
- The Regional Office anticipates the continued delay in grant funding payments from the State. This delay will continue to cause a significant financial hardship.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Clay/Crawford/Jasper/Lawrence/Richland Counties Regional Office of Education #12, 103 W. Main Street, Olney, IL 62450.

BASIC FINANCIAL STATEMENTS

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,870,609	\$ 17,419	\$ 1,888,028
Due (to) from other funds	(5,978)	5,978	-
Due from other governments			
Local	3,093	1,721	4,814
Federal	22,958	-	22,958
Accounts receivable	10,289	-	10,289
Prepaid expenses	8,403	-	8,403
Total current assets	<u>1,909,374</u>	<u>25,118</u>	<u>1,934,492</u>
Noncurrent assets:			
Capital assets, net	41,449	2,773	44,222
TOTAL ASSETS	<u>1,950,823</u>	<u>27,891</u>	<u>1,978,714</u>
LIABILITIES			
Current liabilities:			
Accounts payable	42,140	1	42,141
Payroll liabilities payable	16,487	-	16,487
TOTAL LIABILITIES	<u>58,627</u>	<u>1</u>	<u>58,628</u>
NET POSITION			
Invested in capital assets	41,449	2,773	44,222
Restricted for educational purposes	47,831	-	47,831
Unrestricted	1,802,916	25,117	1,828,033
TOTAL NET POSITION	<u>\$ 1,892,196</u>	<u>\$ 27,890</u>	<u>\$ 1,920,086</u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 1,345,447	\$ -	\$ 776,519	\$ (568,928)	\$ -	\$ (568,928)
Purchased services	483,587	-	274,407	(209,180)	-	(209,180)
Supplies and materials	199,439	-	178,271	(21,168)	-	(21,168)
Other objects	4,705	-	452	(4,253)	-	(4,253)
Depreciation	20,127	-	-	(20,127)	-	(20,127)
Capital outlay	-	-	14,411	14,411	-	14,411
Payments to other governments	22,500	-	22,500	-	-	-
Administrative:						
On-behalf payments - State	534,015	-	-	(534,015)	-	(534,015)
Total governmental activities	<u>2,609,820</u>	<u>-</u>	<u>1,266,560</u>	<u>(1,343,260)</u>	<u>-</u>	<u>(1,343,260)</u>
Business-type activities:						
Operating	88,114	70,091	-	-	(18,023)	(18,023)
Total business-type activities	<u>88,114</u>	<u>70,091</u>	<u>-</u>	<u>-</u>	<u>(18,023)</u>	<u>(18,023)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,697,934</u>	<u>\$ 70,091</u>	<u>\$ 1,266,560</u>	<u>(1,343,260)</u>	<u>(18,023)</u>	<u>(1,361,283)</u>
GENERAL REVENUES						
Local sources				642,820	-	642,820
State sources				222,335	-	222,335
On-behalf payments - State				534,015	-	534,015
Loss on disposal of assets				(1,277)	-	(1,277)
Investment income				6,122	3	6,125
Total general revenues				<u>1,404,015</u>	<u>3</u>	<u>1,404,018</u>
CHANGE IN NET POSITION				60,755	(18,020)	42,735
NET POSITION - BEGINNING				1,831,441	45,910	1,877,351
NET POSITION - ENDING				<u>\$ 1,892,196</u>	<u>\$ 27,890</u>	<u>\$ 1,920,086</u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,807,018	\$ 28,865	\$ 34,726	\$ -	\$ 1,870,609
Due from other funds	32,992	-	-	(32,992)	-
Due from other governments					
Local	1,945	1,148	-	-	3,093
Federal	-	22,958	-	-	22,958
Accounts receivable	10,289	-	-	-	10,289
Prepaid expenses	8,403	-	-	-	8,403
TOTAL ASSETS	<u>\$ 1,860,647</u>	<u>\$ 52,971</u>	<u>\$ 34,726</u>	<u>\$ (32,992)</u>	<u>\$ 1,915,352</u>
LIABILITIES					
Accounts payable	\$ 39,811	\$ 2,007	\$ 322	\$ -	\$ 42,140
Payroll liabilities payable	16,487	-	-	-	16,487
Due to other funds	1,492	37,412	66	(32,992)	5,978
Total liabilities	<u>57,790</u>	<u>39,419</u>	<u>388</u>	<u>(32,992)</u>	<u>64,605</u>
FUND BALANCE					
Nonspendable	8,403	-	-	-	8,403
Restricted	-	13,493	34,338	-	47,831
Assigned	1,589,969	59	-	-	1,590,028
Unassigned	204,485	-	-	-	204,485
Total fund balance	<u>1,802,857</u>	<u>13,552</u>	<u>34,338</u>	<u>-</u>	<u>1,850,747</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,860,647</u>	<u>\$ 52,971</u>	<u>\$ 34,726</u>	<u>\$ (32,992)</u>	<u>\$ 1,915,352</u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2013

Total fund balances-governmental funds	\$ 1,850,747
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>41,449</u>
Net position of governmental activities	<u><u>\$ 1,892,196</u></u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 523,605	\$ 86,998	\$ 32,217	\$ -	\$ 642,820
State sources	335,672	1,068,550	908	-	1,405,130
Federal sources	-	83,765	-	-	83,765
On-behalf payments - State	534,015	-	-	-	534,015
Total revenues	<u>1,393,292</u>	<u>1,239,313</u>	<u>33,125</u>	<u>-</u>	<u>2,665,730</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	536,706	776,519	32,222	-	1,345,447
Purchased services	190,845	274,407	18,335	-	483,587
Supplies and materials	17,505	178,271	3,663	-	199,439
Other objects	4,253	452	-	-	4,705
Payments to other governments	-	22,500	-	-	22,500
On-behalf payments - State	534,015	-	-	-	534,015
Capital outlay	3,237	11,174	-	-	14,411
Total expenditures	<u>1,286,561</u>	<u>1,263,323</u>	<u>54,220</u>	<u>-</u>	<u>2,604,104</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>106,731</u>	<u>(24,010)</u>	<u>(21,095)</u>	<u>-</u>	<u>61,626</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(3,898)	-	-	3,898	-
Transfers in	-	3,898	-	(3,898)	-
Interest	3,587	2,422	113	-	6,122
Total other financing sources (uses)	<u>(311)</u>	<u>6,320</u>	<u>113</u>	<u>-</u>	<u>6,122</u>
NET CHANGE IN FUND BALANCE	106,420	(17,690)	(20,982)	-	67,748
FUND BALANCE - BEGINNING	<u>1,696,437</u>	<u>31,242</u>	<u>55,320</u>	<u>-</u>	<u>1,782,999</u>
FUND BALANCE - ENDING	<u>\$ 1,802,857</u>	<u>\$ 13,552</u>	<u>\$ 34,338</u>	<u>\$ -</u>	<u>\$ 1,850,747</u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances	\$	67,748
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$ 14,411		
Depreciation expense	<u>(20,127)</u>		(5,716)

Governmental funds report capital outlays as expenditures at the time of purchase; therefore, when an asset is disposed of in a noncash transaction it is not reflected in the governmental activities financial statements at the time of disposal. However, in the Statement of Activities the difference between the asset's original cost and its related accumulated depreciation is reported as a loss on the disposal of capital assets.

(1,277)

Change in net position of governmental activities	\$	<u><u>60,755</u></u>
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The notes to the financial statements are an integral part of this statement.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2013

	Business - Type Activities - Enterprise Funds	
	Local	Total
ASSETS		
Current assets		
Cash and cash equivalents	\$ 17,419	\$ 17,419
Due from other governments		
Local	1,721	1,721
Due from other funds	5,978	5,978
Total current assets	25,118	25,118
Noncurrent assets:		
Capital assets, net	2,773	2,773
Total noncurrent assets	2,773	2,773
TOTAL ASSETS	27,891	27,891
LIABILITIES		
Accounts payable	1	1
TOTAL LIABILITIES	1	1
NET POSITION		
Invested in capital assets	2,773	2,773
Unrestricted	25,117	25,117
TOTAL NET POSITION	\$ 27,890	\$ 27,890

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Business - Type Activities - Enterprise Funds	
	Local	Total
OPERATING REVENUES		
Charges for services	\$ 70,091	\$ 70,091
Total operating revenues	70,091	70,091
OPERATING EXPENSES		
Salaries and benefits	6,388	6,388
Purchased services	72,881	72,881
Supplies and materials	8,223	8,223
Depreciation	622	622
Total operating expenses	88,114	88,114
OPERATING LOSS	(18,023)	(18,023)
NONOPERATING REVENUES		
Interest	3	3
Total nonoperating revenues	3	3
CHANGE IN NET POSITION	(18,020)	(18,020)
TOTAL NET POSITION - BEGINNING	45,910	45,910
TOTAL NET POSITION - ENDING	\$ 27,890	\$ 27,890

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Business - Type Activities - Enterprise Funds	
	Local	Totals
Cash flows from operating activities:		
Receipts from customers	\$ 68,958	\$ 68,958
Payments to suppliers and providers of goods and services	(82,555)	(82,555)
Payments to employees	(6,388)	(6,388)
Net cash used for operating activities	(19,985)	(19,985)
Cash flows from investing activities:		
Interest	3	3
Net cash provided by investing activities	3	3
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,395)	(3,395)
Net cash used for capital and related financing activities	(3,395)	(3,395)
Cash flows from noncapital financing activities:		
Receipts for interfund borrowing, net	5,191	5,191
Net cash provided by noncapital financing activities	5,191	5,191
Net decrease in cash and cash equivalents	(18,186)	(18,186)
Cash and cash equivalents - beginning	35,605	35,605
Cash and cash equivalents- ending	\$ 17,419	\$ 17,419
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (18,023)	\$ (18,023)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Change in assets and liabilities:		
Depreciation expense	622	622
Increase in due from other governments	(1,133)	(1,133)
Decrease in accounts payable	(1,451)	(1,451)
Net cash used for operating activities	\$ (19,985)	\$ (19,985)

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 2,562
Due from other governments	<u>92,950</u>
Total Assets	<u><u>\$ 95,512</u></u>
 LIABILITIES	
Accounts payable	\$ 2,428
Due to other governments	<u>93,084</u>
Total Liabilities	<u><u>\$ 95,512</u></u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2013, the Regional Office of Education #12 implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Regional Office of Education #12 implemented these standards during the current year; however, GASB Statement No. 60 and GASB Statement No. 61 had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflow of resources.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through January 22, 2014, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #12's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; to investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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

For the period ended June 30, 2013, the Regional Office of Education #12 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #12. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

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

The Regional Office of Education #12 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #12 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #12 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #12 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #12 being considered a component unit of the entity.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #12's activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education has one business-type activity that relies on fees and charges for support.

The Regional Office of Education #12's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #12 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #12's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position 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 long-term obligations, which are recognized when paid.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #12; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Regional Office of Education #12 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #12's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING

The Regional Office of Education #12 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #12 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as non-major funds. The Regional Office of Education #12 has presented all major funds that met the above qualifications.

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

General Fund - The General Fund is the general operating fund of the Regional Office of Education #12 and is used to account for all financial resources in the Region except those required to be accounted and reported for in another fund. The following funds are included in the General Fund:

General State Aid - Truant Alternative/Optional Education - This program accounts for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Truant Alternative School.

General State Aid - Regional Safe School - This program accounts for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Regional Safe School.

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

State and Federal Lunch and Breakfast - To account for monies used to provide breakfast and lunch to students enrolled in the Regional Office of Education #12's Truant Alternative/Optional Education and Regional Safe Schools Program.

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

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

Title II – Teacher Quality Leadership - This program accounts for the proceeds of a grant from the Illinois State Board of Education to improve teacher effectiveness in the classroom.

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

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

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

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

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

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

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

Agency Funds - Agency funds are used to account for assets held by the Regional Office of Education #12 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations:

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

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

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance - The portion of a governmental fund's net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. The nonspendable fund balance is made up of the General Fund's Special Projects fund.

Restricted Fund Balance - The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: Technology for Success. The following funds are restricted by Illinois Statute: General Education Development Fund, School Bus Transportation Fund, and the Institute Fund.

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

Committed Fund Balance - The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #12 has no committed fund balances.

Assigned Fund Balance - The portion of a governmental fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #12 has assigned fund balances in the General Fund's General State Aid-Truant Alternative/Optional Education and General State Aid-Regional Safe Schools programs and the Education Fund's State and Federal Lunch and Breakfast and Truant Alternative/Optional Education programs.

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 General Fund's Special Projects and Office funds.

J. NET POSITION

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

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

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

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets."

K. CASH AND CASH EQUIVALENTS

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

L. INVENTORY

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

M. 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:

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

N. COMPENSATED ABSENCES

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

In addition to vacation days, all regular, full-time employees are granted two personal business leave days per year. Any unused personal leave days are carried over to the following year as accumulated sick leave. All regular full-time employees receive up to 10 sick days annually and the unused portion is accumulated up to the maximum number of days allowed for purposes of retirement and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

O. ESTIMATES

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

P. BUDGET INFORMATION

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH

The Regional Office of Education #12 does not have a formal investment policy. The Regional Office of Education #12 is allowed to invest in securities as authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7.

A. DEPOSITS

At June 30, 2013, the carrying amount of the Regional Office of Education #12's government-wide and Agency fund deposits were \$1,888,028 and \$2,562 respectively, and the bank balances were \$1,988,990 and \$134, respectively. Of the total bank balances as of June 30, 2013, \$731,568 was secured by federal depository insurance, and \$1,257,556 was collateralized by securities pledged by the Regional Office of Education #12's financial institution in the name of the Regional Office.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #12 requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #12.

B. INVESTMENTS

The Regional Office of Education #12's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2013, the Regional Office of Education #12 had investments with carrying and fair values of \$790 invested in the Illinois Funds Money Market Fund. This amount is included in cash and cash equivalents in the financial statements.

CREDIT RISK

At June 30, 2013, the Illinois Funds Money Market Fund had a Standard and Poor's AAA rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH (Concluded)

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

NOTE 3 - DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #12's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #12's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on line at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education #12's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2012 used by the employer was 10.32 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 19.82 percent. The Regional Office of Education #12 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For the fiscal year ending December 31, 2012, the Regional Office of Education #12's actual contributions for pension cost for the Regular plan members were \$43,610. The Regional Office of Education #12's required contribution for calendar year 2012 was \$83,755.

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 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	83,755	52%	-
12/31/11	77,593	52%	-
12/31/10	71,918	55%	-

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of Regional Office of Education #12's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #12's Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 77.72 percent funded. The actuarial accrued liability for benefits was \$2,184,190 and the actuarial value of assets was \$1,697,477, resulting in an underfunded actuarial accrued liability (UAAL) of \$486,713. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$422,576 and ratio of the UAAL to the covered payroll was 115 percent.

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

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #12 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active 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, 2013, 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, 2012 and 2011.

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

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #12. For the year ended June 30, 2013, the State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #12 recognized revenue and expenditures of \$263,357 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$200,626) and 23.10 percent (\$207,934) respectively.

The Regional Office of Education #12 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2013 were \$4,314. Contributions for the years ending June 30, 2012, and June 30, 2011, were \$3,829 and \$4,234, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #12, there is a statutory requirement for the Regional Office of Education #12 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, salaries totaling \$-0- were paid from federal and special trust funds that required employer contributions of \$-0-. For the years ended June 30, 2012 and 2011, required Regional Office of Education #12 contributions were \$-0- and \$185, respectively.

- **Early retirement option.** The Regional Office of Education #12 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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, 2013, the Regional Office of Education #12 paid no contributions to the ERO program. For the years ended, June 30, 2012 and June 30, 2011, the Regional Office of Education #12 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education #12 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education #12 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent.

For the year ended June 30, 2013, the Regional Office of Education #12 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2012 and 2011, the Regional Office of Education #12 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent.

If the Regional Office of Education #12 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #12 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the Regional Office of Education #12 during the four-year sick leave review period, and the TRS total normal cost rate (17.63 of salary during the year ended June 30, 2013).

For the year ended June 30, 2013, the Regional Office of Education #12 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2012 and 2011, the Regional Office of Education #12 paid no employer contributions granted for sick leave days.

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

- **Further Information on TRS.** TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013.

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

NOTE 5 - TEACHERS' HEALTH INSURANCE SECURITY

The Regional Office of Education #12 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 the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to THIS Fund.

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

On behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office. State contributions are intended to match contributions to THIS Fund from active members which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$6,843, and the Regional Office of Education #12 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2012 and June 30, 2011, were 0.88 percent of pay, both years. State contributions on behalf of the Regional Office of Education #12 employees were \$5,810 and \$6,422, respectively.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 5 - TEACHERS' HEALTH INSURANCE SECURITY (Concluded)

Employer contributions to THIS Fund. The Regional Office of Education #12 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.69 percent during the years ended June 30, 2013 and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the Regional Office of Education #12 paid \$5,133, to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the Regional Office paid \$4,357 and \$4,817 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

NOTE 6 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Inter-fund due to/from other fund balances at June 30, 2013 consist of the following individual due to/from other funds in the governmental fund's Balance Sheet and proprietary fund's Statement of Net Position. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 32,992	\$ 1,492
Education Fund	-	37,412
Nonmajor Funds	-	66
Proprietary Fund	5,978	-
Total	<u>\$ 38,970</u>	<u>\$ 38,970</u>

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2013, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances.

	Transfer In	Transfer Out
General Fund	\$ -	\$ 3,898
Education Fund	3,898	-
Totals	<u>\$ 3,898</u>	<u>\$ 3,898</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 7- RISK MANAGEMENT

The Regional Office of Education #12 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #12 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 8 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #12 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2013:

	Balance 7/1/2012	Additions	Disposals	Balance 6/30/2013
Governmental Activities				
Office Equipment	\$ 274,958	\$ 14,411	\$ 33,433	\$ 255,936
Less: Accumulated Depreciation	(226,516)	(20,127)	(32,156)	(214,487)
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 48,442</u>	<u>\$ (5,716)</u>	<u>\$ 1,277</u>	<u>\$ 41,449</u>
Business-Type Activities				
Office Equipment	\$ -	\$ 3,395	\$ -	\$ 3,395
Less: Accumulated Depreciation	-	(622)	-	(622)
Business-Type Activities				
Investment in Capital Assets, Net	<u>\$ -</u>	<u>\$ 2,773</u>	<u>\$ -</u>	<u>\$ 2,773</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2013, of \$20,127 and \$622 were charged to governmental activities and business type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 9 – ON BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 103,032
Assistant Regional Superintendent Salary	92,011
Regional Superintendent Benefits (Includes State paid insurance)	34,720
Assistant Regional Superintendent Benefits (Includes State paid insurance)	34,052
TRS Pension Contribution	263,357
Teachers' Health Insurance System	6,843
	\$ 534,015

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

NOTE 10 – DUE TO/FROM OTHER GOVERNMENTS

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

Due from Other Governments:

<u>General Fund</u>	
Local Governments	\$ 1,945
<u>Education Fund</u>	
Illinois State Board of Education	4,305
Other Regional Offices of Education	19,801
<u>Proprietary Fund</u>	
Local Governments	1,721
<u>Agency Fund</u>	
Illinois State Board of Education	92,950
Total	\$ 120,722

Due to Other Governments:

<u>Agency Fund</u>	
Local Governments	\$ 93,084

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 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 11 – EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST

Plan Description. The Regional Office of Education #12 contributes to the Egyptian Area Schools Employee Benefit Trust (the “Trust”), a cost-sharing multiple-employer defined benefit health care plan administered by the Board of Managers of the Trust. The Trust provides medical benefits to active and retired employees of approximately 180 participating employers. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. A copy of the report may be obtained by writing to the Egyptian Area Schools Employee Benefit Trust, c/o Meritain Health, 1109 Hartman Lane, Suite 202, Shiloh, IL 62221 or by calling Meritain Health at (866) 588-2431, Option 3 x 6105. The report is also posted on the Trust’s website at www.eitrust.org.

Funding Policy. The Trust Agreement establishing the Trust provides that contribution rates are established and may be modified by the Board of Managers of the Trust. Contribution rates are normally adjusted as of September 1 each year. As of June 30, 2013, participating employers were contractually required to contribute at the following rates for active and retired employees and dependents.

	PLATINUM PLAN		GOLD PLAN		SILVER PLAN		BRONZE PLAN	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Employee	\$632	\$686	\$571	\$620	\$493	\$535	\$420	\$456
EE + Spouse	\$1,305	\$1,416	\$1,178	\$1,278	\$1,022	\$1,109	\$864	\$938
EE + Children	\$1,260	\$1,368	\$1,136	\$1,232	\$985	\$1,069	\$848	\$920
Family	\$1,405	\$1,524	\$1,266	\$1,374	\$1,100	\$1,194	\$933	\$1,012

Participating employers may require employees and/or retirees to pay some or all of the required contributions to the employer, but the employer has the legal obligation to pay contributions to the Trust. The Regional Office of Education #12 requires retirees to pay 100% of the contribution for coverage for retirees and their dependents.

The Board of Managers of the Trust sets the employer contribution rates each year based on an actuarial valuation. The Trust’s actuary has determined that as of June 30, 2013 the contribution rates exceed the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Regional Office of Education #12 contributions to the Trust for the years ending June 30, 2013, June 30, 2012, and June 30, 2011, were \$40,932, \$37,368, and \$35,932 respectively, which equaled the contractually required contributions each year.

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$ 1,697,477	\$ 2,184,190	\$ 486,713	77.72%	\$ 422,576	115.18%
12/31/11	2,003,537	2,402,447	398,910	83.40%	430,117	92.74%
12/31/10	1,994,656	2,409,447	414,791	82.78%	461,013	89.97%

On a market value basis, the actuarial value of the assets as of December 31, 2012 is \$1,765,375. On a market basis, the funded ratio would be 80.78%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Regional Office of Education #12. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

OTHER SUPPLEMENTAL INFORMATION

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2013

	General State Aid - Truant Alternative/ Optional Education	General State Aid - Regional Safe Schools	Special Projects	Office	Total
ASSETS					
Cash and cash equivalents	\$ 996,262	\$ 562,626	\$ 180,275	\$ 67,855	\$ 1,807,018
Due from other funds	31,434	-	1,558	-	32,992
Due from other governments					
Local	-	-	1,945	-	1,945
Accounts receivable	-	-	10,289	-	10,289
Prepaid expenses	-	-	8,403	-	8,403
TOTAL ASSETS	\$ 1,027,696	\$ 562,626	\$ 202,470	\$ 67,855	\$ 1,860,647
LIABILITIES					
Accounts payable	\$ 353	\$ -	39,424	\$ 34	\$ 39,811
Payroll liabilities payable	-	-	16,487	-	16,487
Due to other funds	-	-	1,492	-	1,492
Total Liabilities	353	-	57,403	34	57,790
FUND BALANCE					
Nonspendable	-	-	8,403	-	8,403
Assigned	1,027,343	562,626	-	-	1,589,969
Unassigned	-	-	136,664	67,821	204,485
Total Fund Balance	1,027,343	562,626	145,067	67,821	1,802,857
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,027,696	\$ 562,626	\$ 202,470	\$ 67,855	\$ 1,860,647

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	General State Aid - Truant Alternative/ Optional Education	General State Aid - Regional Safe Schools	Special Projects	Office	Total
REVENUES					
Local sources	\$ -	\$ -	\$ 293,612	\$ 229,993	\$ 523,605
State sources	204,230	131,442	-	-	335,672
On-behalf payments - State	-	-	-	534,015	534,015
Total revenues	<u>204,230</u>	<u>131,442</u>	<u>293,612</u>	<u>764,008</u>	<u>1,393,292</u>
EXPENDITURES					
Salaries and benefits	79,218	84,840	156,993	215,655	536,706
Purchased services	31,085	4,265	139,288	16,207	190,845
Supplies and materials	4,719	967	10,691	1,128	17,505
Other objects	295	-	3,958	-	4,253
On-behalf payments - State	-	-	-	534,015	534,015
Capital outlay	2,339	-	898	-	3,237
Total expenditures	<u>117,656</u>	<u>90,072</u>	<u>311,828</u>	<u>767,005</u>	<u>1,286,561</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>86,574</u>	<u>41,370</u>	<u>(18,216)</u>	<u>(2,997)</u>	<u>106,731</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(3,898)	-	-	-	(3,898)
Interest	2,004	365	1,085	133	3,587
Total other financing sources (uses)	<u>(1,894)</u>	<u>365</u>	<u>1,085</u>	<u>133</u>	<u>(311)</u>
NET CHANGE IN FUND BALANCE	84,680	41,735	(17,131)	(2,864)	106,420
FUND BALANCE - BEGINNING	<u>942,663</u>	<u>520,891</u>	<u>162,198</u>	<u>70,685</u>	<u>1,696,437</u>
FUND BALANCE - ENDING	<u>\$ 1,027,343</u>	<u>\$ 562,626</u>	<u>\$ 145,067</u>	<u>\$ 67,821</u>	<u>\$ 1,802,857</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	Early Childhood - Preschool For All	McKinney Education For Homeless Children	Regional Safe Schools	ROE/ISC Operations	State and Federal Lunch and Breakfast
ASSETS					
Cash and cash equivalents	\$ -	\$ 16,379	\$ 82	\$ -	\$ 7
Due from other governments					
Local	-	-	-	-	-
Federal	-	10,750	-	-	-
TOTAL ASSETS	\$ -	\$ 27,129	\$ 82	\$ -	\$ 7
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 82	\$ -	\$ -
Due to other funds	-	27,129	-	-	-
Total liabilities	-	27,129	82	-	-
FUND BALANCE					
Restricted	-	-	-	-	-
Assigned	-	-	-	-	7
Total fund balance	-	-	-	-	7
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 27,129	\$ 82	\$ -	\$ 7

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2013

	System of Support (RESPRO)	Technology for Success	Title II - Teacher Quality Leadership	Truants Alternative/ Optional Education	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ 12,345	\$ -	\$ 52	\$ 28,865
Due from other governments					
Local	-	1,148	-	-	1,148
Federal	7,903	-	4,305	-	22,958
TOTAL ASSETS	\$ 7,903	\$ 13,493	\$ 4,305	\$ 52	\$ 52,971
LIABILITIES					
Accounts payable	\$ 1,925	\$ -	\$ -	\$ -	\$ 2,007
Due to other funds	5,978	-	4,305	-	37,412
Total liabilities	7,903	-	4,305	-	39,419
FUND BALANCE					
Restricted	-	13,493	-	-	13,493
Assigned	-	-	-	52	59
Total fund balance	-	13,493	-	52	13,552
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,903	\$ 13,493	\$ 4,305	\$ 52	\$ 52,971

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2013

	Early Childhood - Preschool For All	McKinney Education For Homeless Children	Regional Safe Schools	ROE/ISC Operations	State and Federal Lunch and Breakfast
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 78
State sources	496,584	-	58,265	26,846	346
Federal sources	-	38,616	-	-	13,870
Total revenues	<u>496,584</u>	<u>38,616</u>	<u>58,265</u>	<u>26,846</u>	<u>14,294</u>
EXPENDITURES					
Salaries and benefits	290,174	13,851	48,807	21,859	6,172
Purchased services	149,949	2,229	8,343	2,484	14,396
Supplies and materials	45,287	22,536	2,209	2,503	330
Other objects	67	-	-	-	-
Payment to other governments	-	-	-	-	-
Capital outlay	11,174	-	-	-	-
Total expenditures	<u>496,651</u>	<u>38,616</u>	<u>59,359</u>	<u>26,846</u>	<u>20,898</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(67)</u>	<u>-</u>	<u>(1,094)</u>	<u>-</u>	<u>(6,604)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	-	-	3,898
Interest income	67	-	1,094	-	2
Total Other Financing Sources (Uses)	<u>67</u>	<u>-</u>	<u>1,094</u>	<u>-</u>	<u>3,900</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,704)</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,711</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	System of Support (RESPRO)	Technology for Success	Title II - Teacher Quality Leadership	Truants Alternative/ Optional Education	Total
REVENUES					
Local sources	\$ -	\$ 86,696	\$ -	\$ 224	\$ 86,998
State sources	-	183,140	-	303,369	1,068,550
Federal sources	26,974	-	4,305	-	83,765
Total revenues	<u>26,974</u>	<u>269,836</u>	<u>4,305</u>	<u>303,593</u>	<u>1,239,313</u>
EXPENDITURES					
Salaries and benefits	22,058	109,001	-	264,597	776,519
Purchased services	4,816	73,607	4,200	14,383	274,407
Supplies and materials	100	99,937	105	5,264	178,271
Other objects	-	-	-	385	452
Payment to other governments	-	-	-	22,500	22,500
Capital outlay	-	-	-	-	11,174
Total expenditures	<u>26,974</u>	<u>282,545</u>	<u>4,305</u>	<u>307,129</u>	<u>1,263,323</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(12,709)</u>	<u>-</u>	<u>(3,536)</u>	<u>(24,010)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	-	-	3,898
Interest income	-	111	-	1,148	2,422
Total Other Financing Sources (Uses)	<u>-</u>	<u>111</u>	<u>-</u>	<u>1,148</u>	<u>6,320</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(12,598)</u>	<u>-</u>	<u>(2,388)</u>	<u>(17,690)</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>26,091</u>	<u>-</u>	<u>2,440</u>	<u>31,242</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 13,493</u>	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ 13,552</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
EARLY CHILDHOOD - PRESCHOOL FOR ALL
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 496,584	\$ 496,584	\$ 496,584
Total revenues	<u>496,584</u>	<u>496,584</u>	<u>496,584</u>
EXPENDITURES			
Salaries and benefits	302,842	290,492	290,174
Purchased services	148,344	149,144	149,949
Supplies and materials	43,398	46,948	45,287
Other objects	-	-	67
Capital outlay	2,000	10,000	11,174
Total expenditures	<u>496,584</u>	<u>496,584</u>	<u>496,651</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(67)</u>
OTHER FINANCING SOURCES (USES)			
Interest income	-	-	67
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>67</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 25,000	\$ 37,416	\$ 38,616
Total revenues	<u>25,000</u>	<u>37,416</u>	<u>38,616</u>
EXPENDITURES			
Salaries and benefits	13,726	13,851	13,851
Purchased services	4,510	1,660	2,229
Supplies and materials	6,764	21,905	22,536
Total expenditures	<u>25,000</u>	<u>37,416</u>	<u>38,616</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 58,265	\$ 58,265	\$ 58,265
Total revenues	<u>58,265</u>	<u>58,265</u>	<u>58,265</u>
EXPENDITURES			
Salaries and benefits	49,042	49,042	48,807
Purchased services	3,084	3,084	8,343
Supplies and materials	3,639	3,639	2,209
Payments to other governments	2,500	2,500	-
Total expenditures	<u>58,265</u>	<u>58,265</u>	<u>59,359</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1,094)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	1,094
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,094</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 26,846	\$ 26,846	\$ 26,846
Total revenues	<u>26,846</u>	<u>26,846</u>	<u>26,846</u>
EXPENDITURES			
Salaries and benefits	22,262	22,262	21,859
Purchased services	2,280	2,280	2,484
Supplies and materials	1,504	1,504	2,503
Payments to other governments	800	800	-
Total expenditures	<u>26,846</u>	<u>26,846</u>	<u>26,846</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TECHNOLOGY FOR SUCCESS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUES			
Local sources	\$ -	\$ -	\$ 86,696
State sources	87,610	183,140	183,140
Total revenues	<u>87,610</u>	<u>183,140</u>	<u>269,836</u>
EXPENDITURES			
Salaries and benefits	53,344	108,368	109,001
Purchased services	34,266	72,272	73,607
Supplies and materials	-	2,500	99,937
Total expenditures	<u>87,610</u>	<u>183,140</u>	<u>282,545</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(12,709)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	111
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>111</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(12,598)</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>26,091</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,493</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II - TEACHER QUALITY LEADERSHIP
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 4,305	\$ 4,305	\$ 4,305
Total revenues	<u>4,305</u>	<u>4,305</u>	<u>4,305</u>
EXPENDITURES			
Purchased services	4,200	4,200	4,200
Supplies and materials	105	105	105
Total expenditures	<u>4,305</u>	<u>4,305</u>	<u>4,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 224
State sources	303,369	303,369	303,369
Total revenues	<u>303,369</u>	<u>303,369</u>	<u>303,593</u>
EXPENDITURES			
Salaries and benefits	266,168	266,168	264,597
Purchased services	9,941	9,941	14,383
Supplies and materials	4,260	4,260	5,264
Payments to other governments	23,000	23,000	22,500
Other objects	-	-	385
Total expenditures	<u>303,369</u>	<u>303,369</u>	<u>307,129</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(3,536)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	1,148
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,148</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(2,388)</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>2,440</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2013

	General Education Development	School Bus Transportation	Institute	Total
ASSETS				
Cash and cash equivalents	\$ 5,861	\$ 2,775	\$ 26,090	\$ 34,726
TOTAL ASSETS	<u>\$ 5,861</u>	<u>\$ 2,775</u>	<u>\$ 26,090</u>	<u>\$ 34,726</u>
LIABILITIES				
Accounts payable	\$ 285	\$ 37	\$ -	\$ 322
Due to other funds	-	-	66	66
Total liabilities	<u>285</u>	<u>37</u>	<u>66</u>	<u>388</u>
FUND BALANCE				
Restricted	<u>5,576</u>	<u>2,738</u>	<u>26,024</u>	<u>34,338</u>
Total Fund Balance	<u>5,576</u>	<u>2,738</u>	<u>26,024</u>	<u>34,338</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,861</u>	<u>\$ 2,775</u>	<u>\$ 26,090</u>	<u>\$ 34,726</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Education Development	School Bus Transportation	Institute	Total
REVENUES				
Local sources	\$ 8,964	\$ 3,072	\$ 20,181	\$ 32,217
State sources	-	908	-	908
Total revenue	<u>8,964</u>	<u>3,980</u>	<u>20,181</u>	<u>33,125</u>
EXPENDITURES				
Salaries and benefits	-	-	32,222	32,222
Purchased services	2,365	2,424	13,546	18,335
Supplies and materials	2,608	-	1,055	3,663
Total expenditures	<u>4,973</u>	<u>2,424</u>	<u>46,823</u>	<u>54,220</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,991</u>	<u>1,556</u>	<u>(26,642)</u>	<u>(21,095)</u>
OTHER FINANCING SOURCES (USES)				
Interest	4	6	103	113
Total Other Financing Sources (Uses)	<u>4</u>	<u>6</u>	<u>103</u>	<u>113</u>
NET CHANGE IN FUND BALANCE	3,995	1,562	(26,539)	(20,982)
FUND BALANCE - BEGINNING	<u>1,581</u>	<u>1,176</u>	<u>52,563</u>	<u>55,320</u>
FUND BALANCE - ENDING	<u>\$ 5,576</u>	<u>\$ 2,738</u>	<u>\$ 26,024</u>	<u>\$ 34,338</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2013

	Distributive Fund	Regional Board of Trustees	Totals
ASSETS			
Cash and cash equivalents	\$ 134	\$ 2,428	\$ 2,562
Due from other governments	92,950	-	92,950
TOTAL ASSETS	\$ 93,084	\$ 2,428	\$ 95,512
LIABILITIES			
Accounts payable	\$ -	\$ 2,428	\$ 2,428
Due to other governments	93,084	-	93,084
TOTAL LIABILITIES	\$ 93,084	\$ 2,428	\$ 95,512

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>DISTRIBUTIVE</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 11,925	\$ 3,792,688	\$ 3,804,479	\$ 134
Due from other governments	367,271	92,950	367,271	92,950
Total assets	<u>\$ 379,196</u>	<u>\$ 3,885,638</u>	<u>\$ 4,171,750</u>	<u>\$ 93,084</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 379,196	\$ 3,885,638	\$ 4,171,750	\$ 93,084
Total liabilities	<u>\$ 379,196</u>	<u>\$ 3,885,638</u>	<u>\$ 4,171,750</u>	<u>\$ 93,084</u>
<u>REGIONAL BOARD OF TRUSTEES</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,504	\$ 7,500	\$ 7,576	\$ 2,428
Total assets	<u>\$ 2,504</u>	<u>\$ 7,500</u>	<u>\$ 7,576</u>	<u>\$ 2,428</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 2,504	\$ 7,500	\$ 7,576	\$ 2,428
Total liabilities	<u>\$ 2,504</u>	<u>\$ 7,500</u>	<u>\$ 7,576</u>	<u>\$ 2,428</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 14,429	\$ 3,800,188	\$ 3,812,055	\$ 2,562
Due from other governments	367,271	92,950	367,271	92,950
Total assets	<u>\$ 381,700</u>	<u>\$ 3,893,138</u>	<u>\$ 4,179,326</u>	<u>\$ 95,512</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 2,504	\$ 7,500	\$ 7,576	\$ 2,428
Due to other governments	379,196	3,885,638	4,171,750	93,084
Total liabilities	<u>\$ 381,700</u>	<u>\$ 3,893,138</u>	<u>\$ 4,179,326</u>	<u>\$ 95,512</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Hutsonville Community Unit #1	Twin Rivers Regional Vocational System	Regional Office of Education #12	Total
General State Aid	\$ 1,194,709	\$ -	\$ 335,672	\$ 1,530,381
Special Ed - Private Facility Tuition	14	-	-	14
Special Ed - Extraordinary	64,019	-	-	64,019
Special Ed - Personnel	61,254	-	-	61,254
Vocational Ed - Secondary Prog Improvement	-	224,454	-	224,454
State Free Lunch and Breakfast	2,604	-	436	3,040
Driver Education	3,487	-	-	3,487
Transportation - Regular and Vocational	193,924	-	-	193,924
Transportation - Special Education	59,598	-	-	59,598
ROE School Bus Driver Training	-	-	908	908
Truants Alternative/Optional Education	-	-	371,116	371,116
Regional Safe Schools	-	-	71,189	71,189
Early Childhood - Block Grant	150,172	-	596,584	746,756
ROE/ISC Operations	-	-	26,846	26,846
Technology - Learning Technology Centers	-	-	183,140	183,140
National School Lunch Program	76,355	-	9,395	85,750
School Breakfast Program	32,140	-	4,798	36,938
Title I - Low Income	82,238	-	-	82,238
V.E. - Perkins - Title IIC - Secondary	-	37,719	-	37,719
Title II - Teacher Quality	21,708	-	-	21,708
TOTAL	\$ 1,942,222	\$ 262,173	\$ 1,600,084	\$ 3,804,479