

**State of Illinois**  
**HANCOCK/MCDONOUGH COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #26**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act**  
**and OMB Circular A-133)**  
**For the Year Ended June 30, 2012**

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

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 TABLE OF CONTENTS  
 JUNE 30, 2012

TABLE OF CONTENTS

	<u>PAGE</u>
<b>Officials</b> .....	1
<b>Compliance Report Summary</b> .....	2-3
<b>Financial Statement Report Summary</b> .....	4
 <b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	5-6
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	7-8
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	9-10
Schedule of Findings and Questioned Costs	
Section I – Summary of Auditor’s Results .....	11
Section II – Financial Statement Findings .....	12a-12e
Section III – Findings and Questioned Costs for Federal Awards .....	13
Corrective Action Plan for Current-Year Audit Findings .....	14a-14d
Summary Schedule of Prior Audit Findings .....	15
Management’s Discussion and Analysis .....	16a-16f
 <b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Assets .....	17
Statement of Activities .....	18
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets – Governmental Funds .....	20

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 TABLE OF CONTENTS  
 JUNE 30, 2012

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds.....	22
Statement of Net Assets – Proprietary Funds.....	23
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	24
Statement of Cash Flow – Proprietary Funds.....	25
Statement of Fiduciary Net Assets – Fiduciary Funds .....	26
Notes to the Financial Statements .....	27-55

**REQUIRED SUPPLEMENTAL INFORMATION**

Illinois Municipal Retirement Fund Schedule of Funding Progress .....	56
---	----

**OTHER SUPPLEMENTAL INFORMATION**

Combining Schedule of Accounts – General Fund .....	57
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts .....	58
Combining Schedule of Accounts – Education Fund .....	59-64
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Education Fund Accounts.....	65-70
Budgetary Comparison Schedules – Education Fund Accounts	
Child and Family Connections.....	71
Early Childhood Grant (11-3705-70) .....	72
Early Childhood Grant (12-3705-00) .....	73
Early Childhood Block Grant (11-3705-01).....	74
Early Childhood Block Grant (12-3705-01).....	75
Even Start .....	76
McKinney Education for Homeless Children (11-4920-00) .....	77
McKinney Education for Homeless Children (12-4920-00) .....	78
ARRA – McKinney Education for Homeless Children .....	79
Regional Safe Schools.....	80
Teaching American History.....	81
Title II - Teacher Quality .....	82
Truants Alternative Optional Education (12-3695-10) .....	83
Truants Alternative/Optional Education Program Training (11-3695-00).....	84
Truants Alternative/Optional Education Program Training (12-3695-00).....	85
WC4 (ROE/ISC Operations).....	86

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
TABLE OF CONTENTS  
JUNE 30, 2012

Workforce Investment.....	87
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	89
Combining Statement of Net Assets – Nonmajor Proprietary Funds.....	90
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Proprietary Funds.....	91
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	92
Combining Statement of Fiduciary Net Assets – Agency Funds.....	93-94
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	95-97
Schedule of Disbursements to Other Entities – Distributive Fund.....	98
 <b>FEDERAL COMPLIANCE SECTION</b>	
Schedule of Expenditures of Federal Awards.....	99-100
Notes to the Schedule of Expenditures of Federal Awards.....	101

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

OFFICIALS

Regional Superintendent  
(Current and During the Audit Period)

Mr. John Meixner

Assistant Regional Superintendent  
(Current and During the Audit Period,  
Half-Time Effective January 1, 2012)

Mr. Gary Eddington

Assistant Regional Superintendent  
(Current, Half-Time Effective January 1, 2012)

Mr. Jim McCain

Office is located at:

130 South LaFayette Street, Suite 200  
Macomb, Illinois 61455

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

COMPLIANCE REPORT SUMMARY

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

AUDITOR'S REPORTS

The auditor's reports on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF AUDIT FINDINGS

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

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

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
12-01	12a	Controls over Financial Statement Preparation	Material Weakness
12-02	12c	Inadequate Internal Control Procedures	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

COMPLIANCE REPORT SUMMARY (Concluded)

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

EXIT CONFERENCE

An informal exit conference was held on August 31, 2012, with John Meixner, Regional Superintendent, Betty Martin, Controller, Tami Knight, CPA, Kemper CPA Group, and Karen Bojda, CPA, Kemper CPA Group. All potential findings were discussed and recommendations for change or improvement in current procedures were presented. Responses to the recommendations were provided by John Meixner, Regional Superintendent.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Hancock/McDonough Counties Regional Office of Education #26 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Hancock/McDonough Counties Regional Office of Education #26's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hancock/McDonough Counties Regional Office of Education #26, as of and for the year ended June 30, 2012, which collectively comprise the Hancock/McDonough Counties Regional Office of Education #26's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hancock/McDonough Counties Regional Office of Education #26's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hancock/McDonough Counties Regional Office of Education #26, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2013, on our consideration of the Hancock/McDonough Counties Regional Office of Education #26's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a-16f and 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hancock/McDonough Counties Regional Office of Education #26's financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
January 14, 2013

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hancock/McDonough Counties Regional Office of Education #26, as of and for the year ended June 30, 2012, which collectively comprise the Hancock/McDonough Counties Regional Office of Education #26's basic financial statements and have issued our report thereon dated January 14, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Hancock/McDonough Counties Regional Office of Education #26 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Hancock/McDonough Counties Regional Office of Education #26's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hancock/McDonough Counties Regional Office of Education #26's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hancock/McDonough Counties Regional Office of Education #26's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hancock/McDonough Counties Regional Office of Education #26's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Hancock/McDonough Counties Regional Office of Education #26 in a separate letter dated January 14, 2013.

Hancock/McDonough Counties Regional Office of Education #26's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Hancock/McDonough Counties Regional Office of Education #26's responses and, accordingly, express no opinion on them.

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



*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
January 14, 2013

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

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the Hancock/McDonough Counties Regional Office of Education #26's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Hancock/McDonough Counties Regional Office of Education #26's major federal programs for the year ended June 30, 2012. The Hancock/McDonough Counties Regional Office of Education #26's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Hancock/McDonough Counties Regional Office of Education #26's management. Our responsibility is to express an opinion on the Hancock/McDonough Counties Regional Office of Education #26's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hancock/McDonough Counties Regional Office of Education #26's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Hancock/McDonough Counties Regional Office of Education #26's compliance with those requirements.

In our opinion, the Hancock/McDonough Counties Regional Office of Education #26 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control over Compliance

Management of the Hancock/McDonough Counties Regional Office of Education #26 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Hancock/McDonough Counties Regional Office of Education #26's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hancock/McDonough Counties Regional Office of Education #26's internal control over compliance.

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

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

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

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
January 14, 2013

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2012

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

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
● Material weakness(es) identified?	No
● Significant deficiency(ies) identified?	No

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

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

Identification of major programs:	
<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.215X	Fund for the Improvement of Education
84.196A & 84.387A	Education for Homeless Children and Youth – Cluster

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

Auditee qualified as a low-risk auditee?	No
--	----

HANCOCK/McDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 12-01 – Controls over Financial Statement Preparation (Repeated from Finding No. 11-1, 10-1, 09-1, 08-1, and 07-1)**

**Criteria/Specific Requirement:**

The Regional Office of Education #26 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP-based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #26 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, in our review of the Regional Office's accounting records, we noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, no entries were provided to reconcile the Regional Office of Education #26's grant activity, such as posting grant receivables and deferred revenue.

**Effect:**

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



HANCOCK/McDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Finding No. 12-01 – Controls over Financial Statement Preparation (Repeated from Finding No. 11-1, 10-1, 09-1, 08-1, and 07-1) (Concluded)**

**Cause:**

According to Regional officials, current funding levels are not adequate to hire and/or train accounting personnel in order to comply with these requirements.

**Auditor's Recommendation:**

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #26 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Office of Education #26 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

The Regional Office of Education #26 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that its employees possess the knowledge required to compile the necessary GAAP-based financial statements.

HANCOCK/McDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Finding No. 12-02 – Inadequate Internal Control Procedures**

**Criteria/Specific Requirement:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions to prevent errors and fraud.

**Condition:**

During the audit we noted the following weaknesses in the Regional Office's internal control system for which there were no mitigating controls:

- A. We noted two bank accounts where there was inadequate segregation of duties over the bank reconciliation process. We also noted that for one of these accounts, a reconciliation of the June 2012 bank statement had not been completed. The same individual who prepares the bank reconciliations for both of these accounts also opens the bank statements when received in the mail. In addition, there was no documented review of the related bank reconciliations by management or an individual independent of the reconciliation and general ledger process.
- B. The activity for the Fingerprinting, State Superintendent, and Administrator's Roundtable Funds were not recorded in the Regional Office's general ledger.
- C. We noted several instances where interfund transfers were recorded as local revenues and expenditures rather than as transfers in and out in the affected funds or programs.
- D. Adjusting journal entries are recorded using the cash receipts and disbursements modules of the accounting software rather than as journal entries.
- E. There is not adequate documentation of inventory counting procedures by the employees of the Western Area Purchasing Co-op when inventory is received, segregated for delivery to Co-op members, and delivered to the Co-op members.
- F. During payroll testing, we noted in 7 of 60 (12%) transactions tested the employee's timesheet was not approved by the supervisor. In addition, we noted in 15 of 60 (25%) transactions tested the employment contract was not signed by the employee and the Regional Superintendent.

HANCOCK/McDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Finding No. 12-02 – Inadequate Internal Control Procedures (Continued)**

G. During payroll testing, it was noted that the Regional Superintendent is not documenting his review and approval of the direct deposit report for employees that have their pay deposited directly into their bank accounts.

H. During our testing of credit card transactions, we noted that in 4 of the 16 (25%) statements tested not all of the original credit card receipts were attached and reconciled to credit card statements. In addition, we noted two instances where there was no documented approval for the payment of the credit card purchases.

**Effect:**

Lack of sufficient internal controls over the financial process of the Regional Office could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

**Cause:**

The Regional Office of Education #26 has not established or documented sufficient internal control procedures.

**Auditor's Recommendation:**

A. Management or an individual independent of the bank reconciliation process should receive the unopened bank statements to review prior to the reconciliation preparation. In addition, management or an individual independent of the reconciliation process should review the bank reconciliations for all bank accounts to ensure that the reconciliation is completed in a timely manner and that the reconciled balance agrees to the general ledger. The bank reconciliation should be initialed and dated by both the preparer and the reviewer.

B. All activities of the Regional Office should be included in the Regional Offices accounting system to ensure a complete accounting of the Regional Office's operations.

HANCOCK/McDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Finding No. 12-02 – Inadequate Internal Control Procedures (Continued)**

- C. Interfund transfers should be recorded as transfers in or out of the respective funds rather than as revenues in one fund and expenditures in the other. If an actual transfer of cash is not involved, revenues and expenditures should be recorded in the fund that received the funding and incurred the cost respectively.
- D. Corrections and other adjustments should be recorded as general journal entries rather than being entered as cash receipts or disbursements in order to provide a sufficient audit trail to support the Regional Office's adjustments.
- E. To provide documentation of the Regional Office's internal controls over inventory, the Western Area Purchasing Co-op employees should document who performed the inventory count and the date each count was completed when inventory is received, segregated for Co-op members, and delivered to Co-op members. This information should be documented on the packing slips, Co-op member's order forms, and delivery forms respectively.
- F. The Regional Office should ensure all timesheets are approved by the employee's supervisor prior to processing the employee's payroll. In addition, the Regional Office should ensure that all employment contracts are signed by both the employee and the Regional Superintendent.
- G. Management should review and document approval of all direct deposit reports prior to the ACH transfer to employees' bank accounts being finalized.
- H. All original credit card receipts should be reviewed, approved, and reconciled to credit card statements prior to the credit card statement being paid.

**Management's Response:**

The Regional Office accepts the current auditor's recommendations and has revised Hancock/McDonough Regional Office of Education and Western Area Purchasing Cooperative policy and procedures to address the findings noted. Several of the practices cited by the auditors have been in place for several years with no reported case of misappropriations or malfeasance.

HANCOCK/McDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**INSTANCES OF NONCOMPLIANCE:**

NONE

**SIGNIFICANT DEFICIENCIES:**

NONE

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

**CORRECTIVE ACTION PLAN**

**Finding No. 12-01 – Controls over Financial Statement Preparation (Repeated from Finding 11-1, 10-1, 09-1, 08-1, and 07-1)**

**Condition:**

The Regional Office of Education #26 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, in our review of the Regional Office's accounting records, we noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, no entries were provided to reconcile the Regional Office of Education #26's grant activity, such as posting grant receivables and deferred revenue.

**Plan:**

The Regional Office of Education #26 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

The Regional Office of Education #26 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that its employees possess the knowledge required to compile the necessary GAAP-based financial statements.

**Anticipated Date of Completion:**

Undetermined

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

**Finding No. 12-02 – Inadequate Internal Control Procedures**

**Condition:**

During the audit we noted the following weaknesses in the Regional Office's internal control system for which there were no mitigating controls:

- A. We noted two bank accounts where there was inadequate segregation of duties over the bank reconciliation process. We also noted that for one of these accounts, a reconciliation of the June 2012 bank statement had not been completed. The same individual who prepares the bank reconciliations for both of these accounts also opens the bank statements when received in the mail. In addition, there was no documented review of the related bank reconciliations by management or an individual independent of the reconciliation and general ledger process.
- B. The activity for the Fingerprinting, State Superintendent, and Administrator's Roundtable Funds were not recorded in the Regional Office's general ledger.
- C. We noted several instances where interfund transfers were recorded as local revenues and expenditures rather than as transfers in and out in the affected funds or programs.
- D. Adjusting journal entries are recorded using the cash receipts and disbursements modules of the accounting software rather than as journal entries.
- E. There is not adequate documentation of inventory counting procedures by the employees of the Western Area Purchasing Co-op when inventory is received, segregated for delivery to Co-op members, and delivered to the Co-op members.
- F. During payroll testing, we noted in 7 of 60 (12%) transactions tested the employee's timesheet was not approved by the supervisor. In addition, we noted in 13 of 60 (22%) transactions tested the employment contract was not signed by the employee and the Regional Superintendent.
- G. During payroll testing, it was noted that the Regional Superintendent is not documenting his review and approval of the direct deposit report for employees that have their pay deposited directly into their bank accounts.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

**Finding No. 12-02 – Inadequate Internal Control Procedures (Continued)**

H. During our testing of credit card transactions, we noted that in 4 of the 16 (25%) statements tested not all of the original credit card receipts were attached and reconciled to credit card statements. In addition, we noted two instances where there was no documented approval for the payment of the credit card purchases.

**Plan:**

- A. An individual independent of the bank reconciliation process will receive the unopened bank statements to review prior to the reconciliation preparation. In addition, an individual independent of the reconciliation process will review the bank reconciliations for all bank accounts to ensure that the reconciliation is completed in a timely manner and that the reconciled balance agrees to the general ledger. The bank reconciliation will be initialed and dated by both the preparer and the reviewer.
- B. All activities of the Regional Office will be included in the Regional Offices accounting system to ensure a complete accounting of the Regional Office's operations.
- C. Interfund transfers will be recorded as transfers in or out of the respective funds rather than as revenues in one fund and expenditures in the other. If an actual transfer of cash is not involved, revenues and expenditures will be recorded in the fund that received the funding and incurred the cost, respectively.
- D. Corrections and other adjustments will be recorded as general journal entries rather than being entered as cash receipts or disbursements in order to provide a sufficient audit trail to support the Regional Office's adjustments.
- E. To provide documentation of the Regional Office's internal controls over inventory, the Western Area Purchasing Co-op employees will document who performed the inventory count and the date each count was completed when inventory is received, segregated for Co-op members, and delivered to Co-op members. This information will be documented on the packing slips, Co-op member's order forms, and delivery forms respectively.
- F. The Regional Office will ensure all timesheets are approved by the employee's supervisor prior to processing the employee's payroll. In addition, the Regional Office will ensure that all employment contracts are signed by both the employee and the Regional Superintendent.



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

**Finding No. 12-02 – Inadequate Internal Control Procedures (Concluded)**

- G. Management will review and document approval of all direct deposit reports prior to the ACH transfer to employees' bank accounts being finalized.
- H. All original credit card receipts will be reviewed, approved, and reconciled to credit card statements prior to the credit card statement being paid.

**Anticipated Date of Completion:**

November 30, 2012

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
11-01	Controls over Financial Statement Preparation	Repeated as Finding 12-01

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2012**

The Hancock/McDonough Regional Office of Education #26 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information with the Regional Office of Education #26's financial statements, which follow.

**2012 Financial Highlights**

General Fund revenues decreased from \$968,680 in fiscal year 2011 (FY11) to \$784,888 in fiscal year 2012 (FY12). The General Fund expenditures decreased from \$739,930 in FY11 to \$666,408 in FY12. The Regional Office experienced an increase in the General Fund balance from \$688,355 (restated) at the beginning of FY11 to a General Fund balance of \$816,636 at the end of FY12. The General Fund now includes the Novel/Apex program, which receives unrestricted local funding. The FY11 restated fund balance reflects this change. FY12 revenues were down slightly due to the State of Illinois paying FY11 payments during FY12. FY12 expenditures were down mainly due to the need to hold back on expenditures from the uncertainty of the State making their payments to the ROE and the priority to make payroll.

**Using This Annual Report**

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education #26 as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary information further explains and supports the financial statements with a comparison of the Office's detailed information for each category of funds and also provides detailed information about the nonmajor funds.

**Reporting the Regional Office of Education #26 as a Whole**

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #26 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Regional Office of Education #26's assets and liabilities. All of the current-year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

**HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2012**

**Reporting the Regional Office of Education #26 as a Whole (Concluded)**

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

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

**Fund Financial Statements**

The fund financial statements provided detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #26 established other funds to control and manage money for particular purposes.

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

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

- 2) Proprietary funds account for services for which the Regional Office of Education #26 charges fees under a cost-reimbursement method. These fees cover the costs of certain services and workshops it provides.

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

- 3) Fiduciary funds account for services for which the Regional Office of Education #26 acts as fiscal agent for individuals and private or governmental organizations.

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

A summary reconciliation between the government-wide financial statements and the governmental fund financial statements is included after each governmental fund financial statement.

**HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2012**

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Regional Office of Education #26's net assets at the end of fiscal year 2011 totaled \$866,593. At the end of fiscal year 2012, the net assets were \$1,045,870.

Net assets related to the Education Fund and the Nonmajor Special Revenue Funds are considered restricted for educational purposes.

The analysis that follows provides a summary of the Office's net assets at June 30, 2012 and 2011.

**CONDENSED STATEMENT OF NET ASSETS**

June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>ASSETS</b>						
Current Assets	\$ 1,029,249	\$ 1,352,547	\$ 334,338	\$ 553,735	\$ 1,363,587	\$ 1,906,282
Noncurrent Assets						
Capital assets, net of depreciation	85,408	56,809	45,021	49,865	130,429	106,674
<b>TOTAL ASSETS</b>	<b>1,114,657</b>	<b>1,409,356</b>	<b>379,359</b>	<b>603,600</b>	<b>1,494,016</b>	<b>2,012,956</b>
<b>LIABILITIES</b>						
Current Liabilities	142,640	618,157	305,506	528,206	448,146	1,146,363
<b>TOTAL LIABILITIES</b>	<b>142,640</b>	<b>618,157</b>	<b>305,506</b>	<b>528,206</b>	<b>448,146</b>	<b>1,146,363</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	85,408	56,809	45,021	49,865	130,429	106,674
Unrestricted	816,636	588,836	28,832	25,529	845,468	614,365
Restricted for educational purposes	69,973	145,554	-	-	69,973	145,554
<b>TOTAL NET ASSETS</b>	<b>\$ 972,017</b>	<b>\$ 791,199</b>	<b>\$ 73,853</b>	<b>\$ 75,394</b>	<b>\$ 1,045,870</b>	<b>\$ 866,593</b>

**HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2012**

**Government-Wide Financial Analysis (Concluded)**

**CHANGES IN NET ASSETS**

For the Years Ended June 30, 2012 and 2011

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Operating grants & contributions	\$ 2,675,714	\$ 2,483,607	\$ -	\$ -	\$ 2,675,714	\$ 2,483,607
Charges for services	-	9,563	1,057,633	781,476	1,057,633	791,039
General revenues:						
Local sources	285,436	496,249	-	-	285,436	496,249
State sources	217,877	-	-	-	217,877	-
On-behalf payments	333,624	341,083	-	-	333,624	341,083
Loss on disposal of capital assets	(4,182)	-	-	-	(4,182)	-
Transfers	10,364	-	(10,364)	-	-	-
Investment income	2,330	722	-	-	2,330	722
<b>Total Revenues</b>	<b>3,521,163</b>	<b>3,331,224</b>	<b>1,047,269</b>	<b>781,476</b>	<b>4,568,432</b>	<b>4,112,700</b>
Expenses						
Salaries & benefits	1,865,092	1,555,656	33,631	35,298	1,898,723	1,590,954
Purchased services	813,964	799,947	43,213	24,131	857,177	824,078
Supplies and materials	104,514	106,586	967,122	724,680	1,071,636	831,266
Miscellaneous	-	-	-	617	-	617
Depreciation	36,253	27,887	4,844	5,022	41,097	32,909
Other objects	4,957	317	-	-	4,957	317
Payments to other governments	181,941	209,822	-	-	181,941	209,822
On-behalf payments	333,624	341,083	-	-	333,624	341,083
<b>Total Expenses</b>	<b>3,340,345</b>	<b>3,041,298</b>	<b>1,048,810</b>	<b>789,748</b>	<b>4,389,155</b>	<b>3,831,046</b>
Change in net assets	180,818	289,926	(1,541)	(8,272)	179,277	281,654
Net assets - Beginning	791,199	501,273	75,394	83,666	866,593	584,939
Net assets - Ending	<b>\$ 972,017</b>	<b>\$ 791,199</b>	<b>\$ 73,853</b>	<b>\$ 75,394</b>	<b>\$ 1,045,870</b>	<b>\$ 866,593</b>

**HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2012**

**Governmental Activities**

For FY12, revenues for governmental activities were \$3,521,163 and expenses were \$3,340,345. The Regional Office of Education #26 determined that the increase in expense is due to the increase in Full-Time Equivalent (FTE) positions in FY12 compared to FY11. In FY11 there were many layoffs in a majority of the State grant programs due to the extreme delay in State payments to the ROE.

**Business-Type Activities**

Combined revenue and expense for the Regional Office of Education #26's business-type activities decreased net assets by \$1,541.

**Financial Analysis of the Regional Office of Education #26 Funds**

As previously noted, the ROE #26 uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The Regional Office's governmental funds report combined fund balances of \$886,609.

**Governmental Fund Highlights**

- The number of dollars coming from the State of Illinois to the Regional Office of Education #26 for staff development programs has continued to decrease, impacting the number of programs that can be offered.
- The timeliness of payments from the State of Illinois to the Regional Office of Education #26 was deplorable as it was extremely late. This resulted in serious cash flow issues.
- The state aid accrued to the Regional Office of Education Safe School/Alternative School Programs has diminished due to the State prorating the reduced amount of State Aid payments in FY12.
- County support for the Regional Office of Education #26 will increase to \$95,206 for the county fiscal year, which runs from December 2011 through November 2012. The previous year's support from the county totaled \$90,440.

**Budgetary Highlights**

The Office annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles when required by the granting agency. The Illinois State Board of Education reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education for final approval. The budget may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education. Schedules showing the budget amounts compared to the Office's actual financial activity are included in supplementary information of this report.



**HANCOCK/MCDONOUGH REGIONAL OFFICE OF EDUCATION #26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2012**

**Capital Assets**

The value of capital assets increased during FY12 due to the addition of new assets that were higher than the depreciation of capital assets.

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

At the time these financial statements were prepared and audited, the Regional Office of Education #26 was aware of several existing circumstances that could affect its financial condition in the future:

- The State of Illinois established governor's committee whose recommendation was to reduce the number of Regional Offices of Education by nine. The original determination of which Regional Offices to realign was based on per capita calculations; however, the issue has been put back in the hands of the Regional Superintendents to determine the best way to facilitate the realignment of the Regional Offices identified by the committee. At the time these financial statements were prepared, the Regional Office of Education #26 was on the list of Regional Offices recommended to be realigned. The Regional Offices of Education #26 and #22, also on the realignment list, are in negotiations to determine whether a merger of the two will be feasible. At the time these financial statements were prepared, it is uncertain whether this merger will occur, what form the surviving Regional Office would take, or how this will affect the existing Regional Offices. The financial effect of these realignments will not take effect until FY16.
- With the State of Illinois in the midst of an unprecedented financial crisis, the status of grant funding for the upcoming fiscal year is bleak at best. We are anticipating drastic cuts for many of our programs or the elimination of them.
- The County Boards of Hancock and McDonough Counties have increased their funding slightly to our office.
- The Child and Family Connections # 13 Grant anticipates a decrease in funding which may require layoffs in that program.
- The Regional Office of Education is required to maintain a high level of liability insurance, which increases in cost yearly.
- As costs for consumers rise (energy, maintenance, etc.), there will be increasing demands for employees to have raises that match or exceed past practices. These will be difficult to honor as both counties encompassed by Regional Office of Education #26 are burdened with considerable financial challenges.

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

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #26, 130 South Lafayette Street, Suite 200, Macomb, IL 61455.

## BASIC FINANCIAL STATEMENTS

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 755,132	\$ 28,832	\$ 783,964
Due from other governments:			
Local	-	252,478	252,478
State	230,545	-	230,545
Federal	43,572	-	43,572
Inventory	-	53,028	53,028
Total Current Assets	<u>1,029,249</u>	<u>334,338</u>	<u>1,363,587</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	85,408	45,021	130,429
Total Noncurrent Assets	<u>85,408</u>	<u>45,021</u>	<u>130,429</u>
TOTAL ASSETS	<u>1,114,657</u>	<u>379,359</u>	<u>1,494,016</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	106,145	252,478	358,623
Due to other governments:			
Local	-	53,028	53,028
Unearned revenue	36,495	-	36,495
TOTAL LIABILITIES	<u>142,640</u>	<u>305,506</u>	<u>448,146</u>
<b>NET ASSETS</b>			
Invested in capital assets	85,408	45,021	130,429
Restricted for educational purposes	69,973	-	69,973
Unrestricted	816,636	28,832	845,468
TOTAL NET ASSETS	<u>\$ 972,017</u>	<u>\$ 73,853</u>	<u>\$ 1,045,870</u>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 1,865,092	\$ -	\$ 1,624,342	\$ (240,750)	\$ -	\$ (240,750)
Purchased services	813,964	-	704,426	(109,538)	-	(109,538)
Supplies and materials	104,514	-	95,971	(8,543)	-	(8,543)
Other objects	4,957	-	-	(4,957)	-	(4,957)
Depreciation expense	36,253	-	-	(36,253)	-	(36,253)
Capital outlay	-	-	69,034	69,034	-	69,034
Payments to other governments	181,941	-	181,941	-	-	-
Administrative:						
On-behalf payments - State	333,624	-	-	(333,624)	-	(333,624)
Total Governmental Activities	<u>3,340,345</u>	<u>-</u>	<u>2,675,714</u>	<u>(664,631)</u>	<u>-</u>	<u>(664,631)</u>
Business-Type Activities:						
Fees for services	1,048,810	1,057,633	-	-	8,823	8,823
Total Business-Type Activities	<u>1,048,810</u>	<u>1,057,633</u>	<u>-</u>	<u>-</u>	<u>8,823</u>	<u>8,823</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,389,155</u>	<u>\$ 1,057,633</u>	<u>\$ 2,675,714</u>	<u>(664,631)</u>	<u>8,823</u>	<u>(655,808)</u>
GENERAL REVENUES:						
Local sources				285,436	-	285,436
State sources				217,877	-	217,877
On-behalf payments - State				333,624	-	333,624
Loss on disposal of capital assets				(4,182)	-	(4,182)
Transfers				10,364	(10,364)	-
Investment income				2,330	-	2,330
Total general revenues after transfers				<u>845,449</u>	<u>(10,364)</u>	<u>835,085</u>
CHANGE IN NET ASSETS				180,818	(1,541)	179,277
NET ASSETS - BEGINNING				791,199	75,394	866,593
NET ASSETS - ENDING				<u>\$ 972,017</u>	<u>\$ 73,853</u>	<u>\$ 1,045,870</u>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General Fund	Education Fund	Nonmajor Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 640,451	\$ 56,881	\$ 57,800	\$ -	\$ 755,132
Due from other funds	192,892	-	-	(192,892)	-
Due from other governments:					
State	-	230,545	-	-	230,545
Federal	-	43,572	-	-	43,572
<b>TOTAL ASSETS</b>	<u>\$ 833,343</u>	<u>\$ 330,998</u>	<u>\$ 57,800</u>	<u>\$ (192,892)</u>	<u>\$ 1,029,249</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 16,707	\$ 88,442	\$ 996	\$ -	\$ 106,145
Due to other funds	-	192,892	-	(192,892)	-
Unearned revenue	-	36,495	-	-	36,495
<b>Total Liabilities</b>	<u>16,707</u>	<u>317,829</u>	<u>996</u>	<u>(192,892)</u>	<u>142,640</u>
<b>FUND BALANCE</b>					
Restricted	-	13,169	56,804	-	69,973
Unassigned	816,636	-	-	-	816,636
<b>Total Fund Balance</b>	<u>816,636</u>	<u>13,169</u>	<u>56,804</u>	<u>-</u>	<u>886,609</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 833,343</u>	<u>\$ 330,998</u>	<u>\$ 57,800</u>	<u>\$ (192,892)</u>	<u>\$ 1,029,249</u>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS \$ 886,609

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported in the funds. 85,408

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 972,017

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Education Fund	Nonmajor Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 193,527	\$ 41,652	\$ 50,257	\$ -	\$ 285,436
State sources	245,841	1,788,107	764	-	2,034,712
On-behalf payments - State	333,624	-	-	-	333,624
Federal sources	11,896	849,207	-	-	861,103
Total Revenues	<u>784,888</u>	<u>2,678,966</u>	<u>51,021</u>	<u>-</u>	<u>3,514,875</u>
EXPENDITURES					
Instructional Services:					
Salaries and benefits	232,432	1,624,342	8,318	-	1,865,092
Purchased services	85,350	703,711	24,903	-	813,964
Supplies and materials	8,487	95,971	56	-	104,514
Other objects	4,957	-	-	-	4,957
Payments to other governments	-	181,941	-	-	181,941
On-behalf payments	333,624	-	-	-	333,624
Capital outlay	1,558	67,476	-	-	69,034
Total Expenditures	<u>666,408</u>	<u>2,673,441</u>	<u>33,277</u>	<u>-</u>	<u>3,373,126</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>118,480</u>	<u>5,525</u>	<u>17,744</u>	<u>-</u>	<u>141,749</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	10,364	2,629	-	(2,629)	10,364
Transfers out	(2,629)	-	-	2,629	-
Interest	2,066	264	-	-	2,330
Total Other Financing Sources (Uses)	<u>9,801</u>	<u>2,893</u>	<u>-</u>	<u>-</u>	<u>12,694</u>
NET CHANGE IN FUND BALANCE	128,281	8,418	17,744	-	154,443
FUND BALANCE - BEGINNING, RESTATED (See Note 13)	<u>688,355</u>	<u>4,751</u>	<u>39,060</u>	<u>-</u>	<u>732,166</u>
FUND BALANCE - ENDING	<u>\$ 816,636</u>	<u>\$ 13,169</u>	<u>\$ 56,804</u>	<u>\$ -</u>	<u>\$ 886,609</u>

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

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ 154,443

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	\$ 69,034	
Depreciation expense	(36,253)	
Disposal of capital asset	<u>(4,182)</u>	28,599

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

FY11 deferred revenue recognized in FY12	<u>(2,224)</u>	
--	----------------	--

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 180,818



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

	Business-Type Activities - Enterprise Funds		
	Western Area Purchasing Co-op	Nonmajor Enterprise Funds	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 16,974	\$ 11,858	\$ 28,832
Due from other governments:			
Local	252,478	-	252,478
Inventory	53,028	-	53,028
Total current assets	<u>322,480</u>	<u>11,858</u>	<u>334,338</u>
Noncurrent assets:			
Capital assets, being depreciated, net	37,429	7,592	45,021
Total noncurrent assets	<u>37,429</u>	<u>7,592</u>	<u>45,021</u>
<b>TOTAL ASSETS</b>	<u>359,909</u>	<u>19,450</u>	<u>379,359</u>
<b>LIABILITIES</b>			
Due to other governments	53,028	-	53,028
Accounts payable	252,478	-	252,478
Total current liabilities	<u>305,506</u>	<u>-</u>	<u>305,506</u>
<b>TOTAL LIABILITIES</b>	<u>305,506</u>	<u>-</u>	<u>305,506</u>
<b>NET ASSETS</b>			
Invested in capital assets	37,429	7,592	45,021
Unrestricted	16,974	11,858	28,832
<b>TOTAL NET ASSETS</b>	<u>\$ 54,403</u>	<u>\$ 19,450</u>	<u>\$ 73,853</u>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds		Total
	Western Area Purchasing Co-op	Nonmajor Enterprise Funds	
OPERATING REVENUES			
Fees for services	\$ 1,014,176	\$ 43,457	\$ 1,057,633
Total Operating Revenues	<u>1,014,176</u>	<u>43,457</u>	<u>1,057,633</u>
OPERATING EXPENSES			
Salaries and benefits	33,631	-	33,631
Purchased services	15,811	27,402	43,213
Supplies and materials	964,966	2,156	967,122
Depreciation	2,677	2,167	4,844
Total Operating Expenses	<u>1,017,085</u>	<u>31,725</u>	<u>1,048,810</u>
OPERATING INCOME (LOSS)	<u>(2,909)</u>	<u>11,732</u>	<u>8,823</u>
NONOPERATING REVENUE			
Transfer out	-	(10,364)	(10,364)
Total Nonoperating Revenue	<u>-</u>	<u>(10,364)</u>	<u>(10,364)</u>
CHANGE IN NET ASSETS	(2,909)	1,368	(1,541)
TOTAL NET ASSETS - BEGINNING	<u>57,312</u>	<u>18,082</u>	<u>75,394</u>
TOTAL NET ASSETS - ENDING	<u>\$ 54,403</u>	<u>\$ 19,450</u>	<u>\$ 73,853</u>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds		Totals
	Western Area Purchasing Co-op	Nonmajor Enterprise Funds	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 761,698	\$ 43,457	\$ 805,155
Payments to suppliers and providers of goods and services	(728,299)	(30,680)	(758,979)
Payments to employees	(33,631)	-	(33,631)
Net Cash Provided by (Used for) Operating Activities	<u>(232)</u>	<u>12,777</u>	<u>12,545</u>
Cash Flows from Noncapital Financing Activities:			
Payments for interfund borrowing, net	-	(15,396)	(15,396)
Net Cash Used for Noncapital Financing Activities	<u>-</u>	<u>(15,396)</u>	<u>(15,396)</u>
Net Decrease in Cash and Cash Equivalents	(232)	(2,619)	(2,851)
Cash and cash equivalents - Beginning	<u>17,206</u>	<u>14,477</u>	<u>31,683</u>
Cash and cash equivalents - Ending	<u>\$ 16,974</u>	<u>\$ 11,858</u>	<u>\$ 28,832</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (2,909)	\$ 11,732	\$ 8,823
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	2,677	2,167	4,844
(Increase)/decrease in assets:			
Increase in due from other governments	(252,478)	-	(252,478)
Decrease in inventory	469,024	-	469,024
Increase/(decrease) in liabilities:			
Decrease in accounts payable	(269,574)	(1,122)	(270,696)
Increase in due to other governments	53,028	-	53,028
Net Cash Provided by (Used for) Operating Activities	<u>\$ (232)</u>	<u>\$ 12,777</u>	<u>\$ 12,545</u>

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

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2012

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 28,906
Due from other governments	<u>1,650,671</u>
TOTAL ASSETS	<u><u>\$ 1,679,577</u></u>
 <b>LIABILITIES</b>	
Due to other governments	<u>\$ 1,679,577</u>
TOTAL LIABILITIES	<u><u>\$ 1,679,577</u></u>

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hancock/McDonough Counties Regional Office of Education #26 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2012, the Regional Office of Education #26 implemented Governmental Accounting Standards Board (GASB) Statements No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and GASB Statement No. 64, *Derivative Instruments: Application Of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The Regional Office of Education #26 implemented these standards during the current year; however, GASB Statement No. 64 had no impact on the financial statement. The implementation of GASB Statement No. 57 amends GASB Statement No. 45, permitting an agent employer with an OPEB with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. DATE OF MANAGEMENT’S REVIEW

The Regional Office of Education #26 has evaluated subsequent events through January 14, 2013, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers institutes as well as aiding and encouraging the formation of other teachers’ meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent’s office; and filing and keeping 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 #26’s districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

For the period ended June 30, 2012, the Regional Office of Education #26 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 Hancock/McDonough Counties Regional Office of Education #26. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #26 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #26 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #26, 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 #26 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 blended component units described below are included in the Regional Office of Education #26's reporting entity because of the significance of their operational or financial relationships with the Regional Office of Education #26.

Western Area Purchasing Co-op is a joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the co-op, which accumulates the orders and purchases large quantities for distribution to the districts. The purchasing co-op is a discretionary activity fund.

Video Co-op is a joint agreement administered by the Regional Office of Education #26, which maintains an inventory of videocassette tapes. The tapes and tape players are available for check-out by each of the school districts serviced by Regional Office of Education #26. The Video Co-op is a discretionary activity fund.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

Other districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of manifesting of oversight, scope of public service, and special financing relationships and are therefore excluded from the accompanying financial statements because the Regional Office of Education #26 does not control their assets, operations, or management. In addition, the Regional Office of Education #26 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #26 being considered a component unit of any other entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #26's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Regional Office of Education #26 has four business-type activities that rely on fees and charges for support.

The Regional Office of Education #26's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education #26 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #26's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services, and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, activities between governmental funds have been eliminated; however, 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.

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. PROPRIETARY FUND FINANCIAL STATEMENTS

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #26; 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.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Under the terms of grant agreements, the Regional Office of Education #26 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 #26's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #26 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 #26 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #26 has presented all major funds that met the above qualifications. The Regional Office of Education #26 reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources that benefit all school districts in the Region except for those required to be accounted and reported for in other funds. The General Fund accounts include the following:

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

County – Used to account for funds provided by the Boards of Hancock and McDonough Counties for general office operation and maintenance.

Office Administration – Accounts for indirect costs of operating programs.

Regional Programs – Accounts for the cost of operating certain programs not paid for through special revenues or County funds.

Directory – Funded by contributions from local school districts to prepare a regional directory.

Interest – Used to account for interest earned on the Distributive Fund for the mutual benefit of each school district in Hancock and McDonough Counties.

Hancock McDonough Alternative Schools – Used to account for State revenues and expenditures paid to provide an alternative education program in Hancock and McDonough Counties.

Novel/Apex – Used to account for local fees associated with the Regional Office’s Apex project, which provides Hancock McDonough Alternative Schools students with access to online curricula.

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

Adult Learning Resource Center – Used to account for the Regional Office’s subcontract with Schaumburg CUSD #54’s McKinney Education for Homeless Grant.

Child and Family Connections – Used to account for a contractual agreement with the Illinois Department of Human Services to provide a caseworker for the purpose of monitoring teen parents receiving Aid to Dependent Children.

Early Childhood and Early Childhood Block Grants – Used to account for State grant proceeds for the Early Childhood Education Block Grants.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Even Start – Used to account for an educational opportunity program.

Family Literacy – Used to account for assistance provided to reading programs.

Hearing/Vision Screening – Used to account for a hearing screenings program funded through the Illinois Department of Public Aid.

Local Donations – Used to account for donations given to assist the McKinney Education for Homeless Children Grant and the Child and Family Connections Grant.

McKinney Education for Homeless Children – Used to account for the McKinney Education for Homeless Children Grant, a program to facilitate the enrollment, attendance, and success of homeless youths in school.

ARRA – McKinney Education for Homeless Children – Used to account for the Recovery Act McKinney Education for Homeless Grant, a program to facilitate the enrollment, attendance, and success of homeless youths in school.

Pioneer Grant – Used to promote mathematics and science in the Macomb area.

Regional Safe Schools – Used to account for an alternative schools program of centralized instructional programs for students with specialized needs.

Regional System Provider/Federal System – Used to account for federal revenues to support a regionalized system of support to assist schools in academic difficulty.

ROE Technology Maintenance – Used to account for revenues and expenditures of the ISBE Technology Maintenance grant program.

Teaching American History – Used to account for federal grant proceeds received by the Regional Office's project to conduct nationally significant programs to improve the quality of education, assist all students to meet challenging State content standards, and contribute to the achievement of elementary and secondary students.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Teaching Math – Used for administrative support for the Professional Development Institute for Mathematics Teaching.

Teen Court – Used to account for Department of Human Services funding of a project designed to help teens better understand the court system in which teens act as the jury in certain legal cases.

Teen Court Donations – Used to account for donations received for the completion of a handicapped-accessible deck located in the Teen Court Community Garden.

Teen Court Fines – Used to account for donations from fines in McDonough County to support a program in which teens participate in community service held in the Teen Court Community Garden.

Teen Parent Services – Used to account for Department of Human Services funding for various programs for teen parents.

ARRA Title I – School Improvement – Used to account for a federal grant to improve the lowest-performing schools.

Title II – Teacher Quality – Used to account for funding to increase student achievement by elevating teacher and principal quality through recruitment, hiring, and retention strategies and to hold local education agencies and schools accountable for improvements in student academic achievement.

Title IV – Safe and Drug Free Formula – Used to account for a regional, multi-district program on drug and alcohol abuser education and prevention for students throughout all grade levels (pre-K through 12).

Truants Alternative Optional Education – Used to account for State grant revenues and expenditures to provide tutoring services and to encourage students to stay in school.

Truants Alternative Optional Education Program Training – Used to account for State grant proceeds expended to train individuals in Truants Alternative Education.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Education Fund (Concluded)

United Way – Used to account for funding from local United Way for child birth classes and materials.

WC4 (ROE/ISC Operations) – Used to develop and implement a regional improvement plan.

Workforce Investment – Used to account for coordination of optional education and vocational programs.

The Regional Office of Education #26 reports the following nonmajor governmental funds:

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

General Education Development (GED) – Used to account for fees and expenditures incidental to administering the high school equivalency testing program.

Bus Driver Training – Used to account for fees and expenditures incidental to conducting courses of instruction for school bus drivers pursuant to the standards established by the Illinois Secretary of State.

Institute Fund – Used to account for examination, registration, and renewal fees and to defray expenses incidental to teachers' institutes, workshops and professional meetings.

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenue and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #26 reports the following major proprietary fund:

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

PROPRIETARY FUNDS (Concluded)

Western Area Purchasing Co-op – A joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the Co-op, which accumulates the orders and purchases large quantities for distribution to the districts. As noted previously, the purchasing Co-op is a discretionary activity fund.

The Regional Office of Education #26 reports the following nonmajor proprietary funds:

Workshop Fund – Accounts for all activity for workshops managed by the Regional Office.

Video Co-op – A joint agreement administered by the Regional Office, which maintains an inventory of videocassette tapes. The tapes and tape players are available for check-out by each of the school districts serviced by the Regional Office of Education #26. As noted previously, the Video Co-op is a discretionary activity fund.

Fingerprinting Fund – Accounts for the activity for fingerprinting services.

FIDUCIARY FUNDS

Agency Funds – Fiduciary funds account for assets held by the Regional Office of Education #26 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Administrative Roundtable – This fund accounts for the activities of a group of area educational administrators partnering with Western Illinois University's Education Leadership Department. Monies are used to enhance district resources by providing an opportunity for administrators to receive and discuss information related to significant issues in the State and Region.

Area III Superintendents Fund – Accounts for collective activities of all the Area III regional superintendents. Membership fees are used to provide meetings and seminars for disseminating current information on administration issues.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Hancock County Principal Fund – Accounts for collective activities of all the Hancock County school principals. Fees are used to provide meetings and seminars for disseminating current information on administration issues.

Regional Board of School Trustees Fund – Accounts for the marketing and disposal of school properties belonging to local education agencies and for expenses related to detachment petitions.

Rotary Scholarship Fund – Accounts for the donations from the Rotary Club to give scholarships to qualifying individuals to help in the cost of GED testing.

Western Area Career System (WACS) – This system is housed within the Regional Office of Education #26's office and shares the same phone system, copier, etc. The Regional Office of Education records the WACS' phone and copier usage and appropriately charges WACS monthly for the usage.

Distributive Fund – The resources in this fund are received by and passed through the Regional Office from the State to their owners. Entities whose resources are received by and passed through the Distributive Fund include the Western Area Career System , West Central Illinois Special Ed, and the Regional Office of Education #26.

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – The portion of a governmental fund's net assets that are not available to be spent, either short term or long term, due to either their form or legal restrictions. The Regional Office of Education #26 has no nonspendable fund balances.



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

Restricted Fund Balance – The portion of a governmental fund’s net assets that are subject to external enforceable legal restrictions. The following Education Fund accounts are restricted by grantor or donor restrictions: Family Literacy, Hearing/Vision Screening, Local Donations, ROE Technology Maintenance, Teen Court Donations, Title IV - Safe and Drug Free Formula, and United Way. The following funds are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute Funds.

Committed Fund Balance – The portion of a governmental fund’s net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #26 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net assets for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #26 has no assigned fund balances.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The Regional Office of Education #26 has unassigned fund balances in the following General Fund accounts: County, Office Administration, Regional Programs, Directory, Interest, Hancock McDonough Alternative Schools, and Novel/Apex.

J. NET ASSETS

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

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

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

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

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit. The Regional Office of Education #26 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. INVENTORY

Inventories are carried at the lower of cost or market, cost being determined on the first-in, first-out (FIFO) method.

M. CAPITAL ASSETS

Capital assets, which include buildings, software, and furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$500 or more with a useful life 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives: software over 3 years, furniture and equipment over 5 years, and buildings over 40 years.

N. COMPENSATED ABSENCES

The eligible employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 10 days for full-time staff employed less than 5 years, 15 days for full-time staff employed between 5 and 14 years, and 20 days for full-time staff employed 15 years or more. An employee may accumulate up to the number of vacation days earned in two years before accrual ceases.

A full-time employee is entitled to two personal leave days per year. These days must be used in the fiscal year and may not accumulate from year to year.

Eligible employees receive up to 12 sick days annually. A maximum of 240 days of sick leave may be accumulated by permanent full-time employees, but no payment is made for unused sick leave when a person leaves his or her position.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. ESTIMATES

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

P. BUDGET INFORMATION

The Regional Office of Education #26 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Comparisons of budgeted and actual results are presented as supplemental information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Child and Family Connections, Early Childhood Grant, Early Childhood Block Grant, Even Start, McKinney Homeless Grant, ARRA – McKinney Homeless Grant, Regional Safe Schools, Teaching American History, Title II – Teacher Quality, Truants Alternative Optional Education, Truants Alternative Optional Education Program Training, WC4 (ROE/ISC Operations), and Workforce Investment.

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Regional Office of Education #26 to make deposits and invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Funds.

A. DEPOSITS

At June 30, 2012, the carrying amount of the Regional Office of Education #26's government-wide and agency fund deposits were \$783,964 and \$28,906, respectively, and the bank balances were \$1,114,754 and \$35,901, respectively. Of the total bank balances as of June 30, 2012, \$250,618 was secured by federal depository insurance, \$885,764 was collateralized by securities pledged by the Regional Office of Education #26's financial institution on behalf of the Regional Office, and \$14,273 was invested in the Illinois Funds Money Market Fund.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Regional Office of Education #26 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. The Regional Office of Education #26's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2012, the Regional Office of Education #26 had investments with carrying value of \$14,273 in the Illinois Funds Money Market Fund.

CREDIT RISK

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

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 Fund states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one year maturity and no investment shall exceed two years maturity.

CONCENTRATION OF CREDIT RISK

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN

**Plan Description.** The Regional Office of Education #26'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 #26's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Funding Policy.** As set by statute, the Regional Office of Education #26’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require 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 2011 was 11.68 percent. The Regional Office of Education #26 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Annual Pension Cost.** The required contribution for calendar year 2011 was \$93,322.

A. THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Calendar Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$93,322	100%	\$0
12/31/10	74,692	100%	0
12/31/09	75,131	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #26’s Regular plan’s unfunded actuarial accrued liability at December 31, 2009, is being amortized as a level percentage of projected payroll on an open 10 year basis.

**Funded Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 81.68 percent funded. The actuarial accrued liability for benefits was \$1,799,526 and the actuarial value of assets was \$1,469,764, resulting in an underfunded actuarial accrued liability (UAAL) of \$329,762. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$798,991 and the ratio of the UAAL to the covered payroll was 41 percent.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

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

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

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

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #26’s TRS-covered employees.

**On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #26. For the year ended June 30, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds and the Regional Office of Education #26 recognized revenue and expenditures of \$144,234 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and June 30, 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$130,505) and 23.38 percent (\$159,621), respectively.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

The Regional Office of Education #26 makes other types of employer contributions directly to TRS:

**2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$2,937. Contributions for the years ending June 30, 2011 and June 30, 2010, were \$2,214 and \$2,897, 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 #26, there is a statutory requirement for the Regional Office of Education #26 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer pension contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012 salaries totaling \$96,537 were paid from federal and special trust funds that required employer contributions of \$24,047. For the years ended June 30, 2011 and June 30, 2010, required Regional Office of Education #26 contributions were \$9,561 and \$14,907, respectively.

**Early Retirement Option.** The Regional Office of Education #26 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

For the year ended June 30, 2012, the Regional Office of Education #26 paid no contributions to the ERO program. For the years ended, June 30, 2011 and June 30, 2010, the Regional Office of Education #26 paid no employer ERO contributions.

**Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education #26 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Regional Office of Education #26 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.

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

For the years ended June 30, 2012, 2011, and 2010 the Regional Office of Education #26 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

If the Regional Office of Education #26 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office 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 #26 during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the years ended June 30, 2012, 2011, and 2010 the Regional Office of Education #26 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS Comprehensive Annual Financial Report for year ended June 30, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012.

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

NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

The Regional Office of Education #26 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

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



HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

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

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

**On-behalf contributions.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #26. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$4,456, and the Regional Office of Education #26 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2011 and June 30, 2010 were 0.88 and 0.84 percent of pay, respectively. State contributions on behalf of Regional Office of Education #26’s employees were \$3,359 and \$4,196, respectively.

**Employer contributions to THIS Fund.** The Regional Office of Education #26 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the Regional Office of Education #26 paid \$3,342 to the THIS Fund. For the years ended June 30, 2011 and 2010, the Regional Office of Education #26 paid \$2,519 and \$3,147 to THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 6 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2012, consist of the following individual due to/from other funds in the Governmental Funds Balance Sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

	Due from Other Funds	Due to Other Funds
Education Fund	\$ -	\$ 192,892
General Fund	192,892	-
	\$ 192,892	\$ 192,892
Total		

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 6 – INTERFUND ACTIVITY (Concluded)

TRANSFERS

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

Fund	Transfer In	Transfer Out
General Fund:		
Regional Programs	\$ -	\$ 718
Interest	10,364	-
Hancock McDonough Alternative Schools	-	1,911
Education Fund:		
Early Childhood Grant	718	-
McKinney Education for Homeless Children	38	-
Teen Court	1,873	-
Proprietary Funds:		
Fingerprinting Fund	-	10,364
	<u>\$ 12,993</u>	<u>\$ 12,993</u>

NOTE 7 – RISK MANAGEMENT

The Regional Office of Education #26 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 #26 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 – OPERATING LEASES

The Regional Office of Education #26 leases classroom and office space from various parties. During the fiscal year 2012, the Regional Office of Education #26 leased classroom and office space located at 553 Main Street, Carthage, Illinois, from individuals for \$850 per month. The lease term was August 1, 2011, to July 31, 2012. The lease was renewed for the period August 1, 2012, to July 31, 2013.

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 8 – OPERATING LEASES (Concluded)

The Regional Office of Education #26 also leased classrooms and office space located at 1301 North Main Street, Suite 3, Monmouth, Illinois, from Standard of Beaverdale, Inc., for \$536.70 per month. An annual inflation adjustment of 3.0% per year must be added each year beginning in 2012. The lease term began on April 1, 2011, and ends on March 31, 2013. This lease may be renewed for two additional terms of one year each.

The Regional Office of Education #26 leases office space located on 341 S. Johnson Street, Macomb, Illinois, from Gamage Appliance for \$2,500 per month. The lease term is from July 1, 2011, to June 30, 2012.

The Regional Office of Education #26 has a lease agreement with the Macomb Public Building Commission from January 1, 2008, through December 31, 2012, for office space at 130 South Lafayette Street, Suite 200, Macomb, Illinois, for \$2,150 per month. Beginning July 10, 2010, the monthly lease payment was reduced to \$1,590 through June 30, 2012. The original monthly payment of \$2,150 was reinstated beginning July 1, 2012, through the end of the lease agreement.

The future minimum lease payments under operating leases are as follows:

2013	\$	28,124
2014		850
2015		-
2016		-
2017		-
2018 and thereafter		-
	<u>\$</u>	<u>28,974</u>

Total lease expense for the year ended June 30, 2012, was \$71,702.

NOTE 9 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #26 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office's assets consist of buildings, software, and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2012:

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 9 – CAPITAL ASSET ACTIVITY (Concluded)

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Activities:				
Software & equipment	\$ 235,655	\$ 69,034	\$ (16,347)	\$ 288,342
Governmental Activities Total Assets	<u>235,655</u>	<u>69,034</u>	<u>(16,347)</u>	<u>288,342</u>
Less Accumulated Depreciation	178,846	36,253	(12,165)	202,934
Total Accumulated Depreciation	<u>178,846</u>	<u>36,253</u>	<u>(12,165)</u>	<u>202,934</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 56,809</u>	<u>\$ 32,781</u>	<u>\$ (4,182)</u>	<u>\$ 85,408</u>
Business-type Activities:				
Building	\$ 50,000	\$ -	\$ -	\$ 50,000
Software & Equipment	35,932	-	-	35,932
Business-type Activities Total Assets	<u>85,932</u>	<u>-</u>	<u>-</u>	<u>85,932</u>
Less Accumulated Depreciation	36,067	4,844	-	40,911
Total Accumulated Depreciation	<u>36,067</u>	<u>4,844</u>	<u>-</u>	<u>40,911</u>
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ 49,865</u>	<u>\$ (4,844)</u>	<u>\$ -</u>	<u>\$ 45,021</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2012, of \$36,253 and \$4,844 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 10 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #26:

Regional Superintendent Salary	\$ 100,128
Assistant Regional Superintendents Salaries	69,102
Regional Superintendent Fringe Benefits (Includes State-paid insurance)	14,702
Assistant Regional Superintendents Fringe Benefits (Includes State-paid insurance)	1,002
TRS Pension Contributions	144,234
Teachers' Health Insurance Security (THIS) Fund Contributions	<u>4,456</u>
Total	<u>\$ 333,624</u>

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #26's General Fund, Education Fund, Proprietary Funds, and Fiduciary Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

Education Fund

Illinois State Board of Education	\$ 195,796
Local Governments	13,277
U.S. Department of Education	23,205
Department of Human Services	41,839

Proprietary Funds

Local Governments	252,478
-------------------	---------

Fiduciary Funds

Illinois State Board of Education	<u>1,650,671</u>
Total	<u>\$2,177,266</u>

Due to Other Governments:

Proprietary Funds

Local Governments	53,028
-------------------	--------

Fiduciary Funds

Local Governments	<u>1,679,577</u>
Total	<u>\$1,732,605</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

The Regional Office of Education #26 participates in the Western Area School Health Benefit Plan (“Plan”) as a member of the Western Area School Association (“Association”). The Plan is a cost-sharing, multiple-employer defined-benefit postemployment health care plan that was established by certain Illinois local governmental units constituting the Association pursuant to the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1, et seq. for the benefit of certain employees (and their dependents) of the members of the Association. The Plan is funded through the Western Area School Employee Benefits Trust (“Trust”) which is also controlled by the Association. The Association, Plan, and Trust together constitute a joint insurance pool under 5 ILCS 220/6. The Association is the Plan administrator of the Plan. The MidAmerica National Bank, N.A., is the trustee of the Trust.

The Plan provides medical, dental, vision, and prescription drug benefits to employees (and their dependents) of the members of the Association. Participants may elect several different subplans with different deductibles and out-of-pocket maximums. The benefits are determined by the Association and the Plan may be amended or terminated by the Association. Some benefits are required by the Illinois Insurance Code, 215 ILCS 5/1 et seq. and the federal Public Health Code 42 USC 300gg, et seq.

Contributions to the Plan and Trust are determined by the Association board in consultation with its actuary pursuant to the terms of the Plan and Trust as allowed by the Illinois Intergovernmental Cooperation Act. Association members are required to contribute funds as assessed by the Association board in accordance with the terms of the Trust.

The following contributions are required for the Regional Office for the Plan year 2012-2013:

	PREMIUMS			
	Single	Employee + 1	Employee + 2	Employee + 3/more
<b>Medical &amp; Rx</b>				
The following rates include the cost for major medical and Rx card.				
\$500* Deductible Plan	\$ 612	\$ 1,407	\$ 1,422	\$ 1,540
\$1,000 Deductible Plan	591	1,292	1,303	1,401
\$2,000 Deductible Plan	572	1,149	1,155	1,237
\$3,000 Deductible Plan	562	1,081	1,085	1,153
\$5,000 Deductible Plan	511	930	941	1,023
\$3,000 HSA Plan	538	1,016	1,020	1,085
*Increases to \$750 on January 1, 2013				
<b>Dental (optional)</b>	\$ 19	\$ 35	\$ 44	\$ 57
<b>Vision (optional)</b>	\$ 7	\$ 11	\$ 14	\$ 22
<b>Basic Life Insurance &amp; AD&amp;D</b>				
\$10,000 life plus AD&D	\$1.30 per employee per month			

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Dependent Life Insurance**

\$5,000 \$2.98 per employee per month  
\$2,000 \$0.78 per employee per month

Of these contributions, the employees or former employees must pay:

For employee Medical & RX and dental – 0% of the contributions  
For dependent and vision coverage – 100% of the contributions

The following contributions were required for the Regional Office for the Plan year 2011-2012:

	PREMIUMS			
	Single	Employee + 1	Employee + 2	Employee + 3/more
<b>Medical &amp; Rx</b>				
The following rates include the cost for major medical and Rx card.				
\$500 Deductible Plan	\$ 592	\$ 1,343	\$ 1,358	\$ 1,476
\$1,000 Deductible Plan	572	1,233	1,243	1,337
\$2,000 Deductible Plan	554	1,096	1,102	1,180
\$3,000 Deductible Plan	544	1,030	1,035	1,100
<b>Dental (optional)</b>	\$ 18	\$ 33	\$ 42	\$ 54
<b>Vision (optional)</b>	\$ 6	\$ 10	\$ 13	\$ 20

**Basic Life Insurance & AD&D**

\$10,000 life plus AD&D \$1.30 per employee per month

Of these contributions, the employees or former employees must pay:

For employee Medical & RX and dental – 0% of the contributions  
For dependent and vision coverage – 100% of the contributions

The following contributions were required for the Regional Office for the Plan year 2010-2011:

	PREMIUMS			
	Single	Employee + 1	Employee + 2	Employee + 3/more
<b>Medical &amp; Rx</b>				
The following rates include the cost for major medical and Rx card.				
\$500 Deductible Plan	\$ 542	\$ 1,227	\$ 1,240	\$ 1,347
\$1,000 Deductible Plan	524	1,125	1,134	1,220
\$2,000 Deductible Plan	507	1,000	1,005	1,076
\$3,000 Deductible Plan	497	939	943	1,002

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Concluded)

<b>Dental (optional)</b>	\$	17	\$	32	\$	40	\$	52
<b>Vision (optional)</b>	\$	5	\$	8	\$	11	\$	17

**Basic Life Insurance & AD&D**

\$10,000 life plus AD&D      \$1.30 per employee per month

Of these contributions, the employees or former employees must pay:

- For employee Medical & RX and dental – 0% of the contributions
- For dependent and vision coverage – 100% of the contributions

The publicly available financial report of the Plan and Trust may be obtained by writing to:

Western Area School Association  
 c/o David Thompson  
 David Thompson Insurance  
 120 W. Carroll Street  
 Macomb, IL 61455

The Regional Office of Education #26 allows employees who retire through the Regional Office of Education #26’s IMRF plan disclosed in Note 3 the option to continue in the Regional Office of Education #26’s health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as the Regional Office of Education #26’s health plan is considered a community-rated plan. In addition, the Regional Office of Education #26 has no explicit subsidy as defined in GASB Statement No. 45.

NOTE 13 – RESTATEMENT OF FUND BALANCES

In prior years, the State Superintendent Fund was reported as an agency fund. This activity accounts for funds received from applicants for teaching certificates that are remitted to the State Superintendent of Education on their behalf. In the current year, this activity was reclassified as part of the Institute Fund, a governmental special revenue fund. This adjustment had no effect on beginning fund balances or net assets.

In prior years, the Novel/Apex program (formerly the Novel program) was reported in the Education Fund. This program accounts for local fees from Hancock McDonough Alternative Schools students to support access to online curricula. In the current year, this activity was reclassified to the General Fund. The following are the effects of this adjustment on the beginning fund balances for the General and Education Funds:



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 13 – RESTATEMENT OF FUND BALANCES (Concluded)

General Fund:

Fund Balance, July 1, 2011	\$ 592,696
Effect of reclassifying the Novel/Apex program	95,659
Fund Balance, July 1, 2011, Restated	<u>\$ 688,355</u>

Education Fund:

Fund Balance, July 1, 2011	\$ 100,410
Effect of reclassifying the Novel/Apex program	(95,659)
Fund Balance, July 1, 2011, Restated	<u>\$ 4,751</u>

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

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$ 1,469,764	\$ 1,799,526	\$ 329,762	81.68%	\$ 798,991	41.27%
12/31/10	1,309,837	1,403,107	93,270	93.35%	703,311	13.26%
12/31/09	1,197,214	1,424,434	227,220	84.05%	822,901	27.61%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$1,420,709.

On a market basis, the funded ratio would be 78.95%.

OTHER SUPPLEMENTAL INFORMATION

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2012

	County	Office Administration	Regional Programs	Directory	Interest	Hancock McDonough Alternative Schools	Novel/Apex	TOTALS
<b>ASSETS</b>								
Cash and cash equivalents	\$ 60,314	\$ 1,400	\$ 51,297	\$ 6,755	\$ 45,312	\$ 356,260	\$ 119,113	\$ 640,451
Due from other funds	-	-	-	-	-	192,892	-	192,892
<b>TOTAL ASSETS</b>	<b>\$ 60,314</b>	<b>\$ 1,400</b>	<b>\$ 51,297</b>	<b>\$ 6,755</b>	<b>\$ 45,312</b>	<b>\$ 549,152</b>	<b>\$ 119,113</b>	<b>\$ 833,343</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ 12,201	\$ -	\$ -	\$ 4,506	\$ -	\$ 16,707
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>12,201</b>	<b>-</b>	<b>-</b>	<b>4,506</b>	<b>-</b>	<b>16,707</b>
<b>FUND BALANCE</b>								
Unassigned	60,314	1,400	39,096	6,755	45,312	544,646	119,113	816,636
<b>Total Fund Balance</b>	<b>60,314</b>	<b>1,400</b>	<b>39,096</b>	<b>6,755</b>	<b>45,312</b>	<b>544,646</b>	<b>119,113</b>	<b>816,636</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 60,314</b>	<b>\$ 1,400</b>	<b>\$ 51,297</b>	<b>\$ 6,755</b>	<b>\$ 45,312</b>	<b>\$ 549,152</b>	<b>\$ 119,113</b>	<b>\$ 833,343</b>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

	County	Office Administration	Regional Programs	Directory	Interest	Hancock McDonough Alternative Schools	Novel/Apex	TOTALS
<b>REVENUES</b>								
Local sources	\$ 106,963	\$ 4,235	\$ 41,490	\$ 1,000	\$ -	\$ 15,670	\$ 24,169	\$ 193,527
State sources	-	-	-	-	-	245,841	-	245,841
On-behalf payments - State	-	-	333,624	-	-	-	-	333,624
Federal sources	-	-	7,537	-	-	4,359	-	11,896
Total Revenues	106,963	4,235	382,651	1,000	-	265,870	24,169	784,888
<b>EXPENDITURES</b>								
Salaries and benefits	76,743	-	54,737	-	-	100,952	-	232,432
Purchased services	10,926	3,001	13,941	-	-	56,767	715	85,350
Supplies and materials	-	-	-	-	-	8,487	-	8,487
Other objects	-	-	4,957	-	-	-	-	4,957
Capital outlay	-	-	-	-	-	1,558	-	1,558
On-behalf payments	-	-	333,624	-	-	-	-	333,624
Total Expenditures	87,669	3,001	407,259	-	-	167,764	715	666,408
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>								
	19,294	1,234	(24,608)	1,000	-	98,106	23,454	118,480
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	10,364	-	-	10,364
Transfers out	-	-	(718)	-	-	(1,911)	-	(2,629)
Interest	-	-	2,066	-	-	-	-	2,066
Total Other Financing Sources (Uses)	-	-	1,348	-	10,364	(1,911)	-	9,801
<b>NET CHANGE IN FUND BALANCE</b>								
	19,294	1,234	(23,260)	1,000	10,364	96,195	23,454	128,281
<b>FUND BALANCE - BEGINNING, RESTATED (See Note 13)</b>								
	41,020	166	62,356	5,755	34,948	448,451	95,659	688,355
<b>FUND BALANCE - ENDING</b>								
	\$ 60,314	\$ 1,400	\$ 39,096	\$ 6,755	\$ 45,312	\$ 544,646	\$ 119,113	\$ 816,636

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	Adult Learning Resource Center	Child and Family Connections	Early Childhood Grant (11-3705-70 & 12-3705-00)	Early Childhood Block Grant (11-3750-01 & 12-3705-01)	Even Start
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,298	\$ -	\$ -	\$ -	\$ -
Due from other governments:					
State	-	41,839	83,099	38,248	-
Federal	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,298</b>	<b>\$ 41,839</b>	<b>\$ 83,099</b>	<b>\$ 38,248</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 25,033	\$ -	\$ -
Due to other funds	-	41,839	58,066	38,248	-
Unearned revenue	2,298	-	-	-	-
<b>Total Liabilities</b>	<b>2,298</b>	<b>41,839</b>	<b>83,099</b>	<b>38,248</b>	<b>-</b>
<b>FUND BALANCE</b>					
Restricted	-	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,298</b>	<b>\$ 41,839</b>	<b>\$ 83,099</b>	<b>\$ 38,248</b>	<b>\$ -</b>

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2012

	<u>Family Literacy</u>	<u>Hearing/Vision Screening</u>	<u>Local Donations</u>	<u>McKinney Education for Homeless Children (11-4920-00 &amp; 12-4920-00)</u>	<u>ARRA - McKinney Education for Homeless Children</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 737	\$ 5,120	\$ 2,925	\$ -	\$ -
Due from other governments:					
State	-	-	-	-	-
Federal	-	-	-	16,784	-
<b>TOTAL ASSETS</b>	<u>\$ 737</u>	<u>\$ 5,120</u>	<u>\$ 2,925</u>	<u>\$ 16,784</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	16,784	-
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,784</u>	<u>-</u>
<b>FUND BALANCE</b>					
Restricted	<u>737</u>	<u>5,120</u>	<u>2,925</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balance</b>	<u>737</u>	<u>5,120</u>	<u>2,925</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 737</u>	<u>\$ 5,120</u>	<u>\$ 2,925</u>	<u>\$ 16,784</u>	<u>\$ -</u>



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	<u>Pioneer Grant</u>	<u>Regional Safe Schools</u>	<u>Regional System Provider/ Federal System</u>	<u>ROE Technology Maintenance</u>	<u>Teaching American History</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,304	\$ -	\$ 4,684	\$ 1,512	\$ -
Due from other governments:					
State	-	14,933	10,419	-	-
Federal	-	-	-	-	23,205
<b>TOTAL ASSETS</b>	<u>\$ 6,304</u>	<u>\$ 14,933</u>	<u>\$ 15,103</u>	<u>\$ 1,512</u>	<u>\$ 23,205</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 5,026	\$ -	\$ -	\$ 9,281
Due to other funds	-	9,907	-	-	13,924
Unearned revenue	6,304	-	15,103	-	-
<b>Total Liabilities</b>	<u>6,304</u>	<u>14,933</u>	<u>15,103</u>	<u>-</u>	<u>23,205</u>
<b>FUND BALANCE</b>					
Restricted	-	-	-	1,512	-
<b>Total Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,512</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 6,304</u>	<u>\$ 14,933</u>	<u>\$ 15,103</u>	<u>\$ 1,512</u>	<u>\$ 23,205</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	<u>Teaching Math</u>	<u>Teen Court</u>	<u>Teen Court Donations</u>	<u>Teen Court Fines</u>	<u>Teen Parent Services</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 1,398	\$ 12,790	\$ -
Due from other governments:					
State	-	-	-	-	-
Federal	2,858	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 2,858</u>	<u>\$ -</u>	<u>\$ 1,398</u>	<u>\$ 12,790</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	2,858	-	-	-	-
Unearned revenue	-	-	-	12,790	-
<b>Total Liabilities</b>	<u>2,858</u>	<u>-</u>	<u>-</u>	<u>12,790</u>	<u>-</u>
<b>FUND BALANCE</b>					
Restricted	-	-	1,398	-	-
<b>Total Fund Balance</b>	<u>-</u>	<u>-</u>	<u>1,398</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 2,858</u>	<u>\$ -</u>	<u>\$ 1,398</u>	<u>\$ 12,790</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	<u>ARRA Title I - School Improvement</u>	<u>Title II - Teacher Quality</u>	<u>Title IV - Safe and Drug Free Formula</u>	<u>Truants Alternative Optional Education</u>	<u>Truants Alternative Optional Education Program Training</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 632	\$ -	\$ 17,636
Due from other governments:					
State	-	-	-	19,643	22,364
Federal	-	725	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 725</u>	<u>\$ 632</u>	<u>\$ 19,643</u>	<u>\$ 40,000</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 9,102	\$ 40,000
Due to other funds	-	725	-	10,541	-
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>725</u>	<u>-</u>	<u>19,643</u>	<u>40,000</u>
<b>FUND BALANCE</b>					
Restricted	-	-	632	-	-
<b>Total Fund Balance</b>	<u>-</u>	<u>-</u>	<u>632</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 725</u>	<u>\$ 632</u>	<u>\$ 19,643</u>	<u>\$ 40,000</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	<u>United Way</u>	<u>WC4 (ROE/ISC Operations)</u>	<u>Workforce Investment</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 845	\$ -	\$ -	\$ 56,881
Due from other governments:				
State	-	-	-	230,545
Federal	-	-	-	43,572
<b>TOTAL ASSETS</b>	<u>\$ 845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,998</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 88,442
Due to other funds	-	-	-	192,892
Unearned revenue	-	-	-	36,495
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,829</u>
<b>FUND BALANCE</b>				
Restricted	<u>845</u>	<u>-</u>	<u>-</u>	<u>13,169</u>
<b>Total Fund Balance</b>	<u>845</u>	<u>-</u>	<u>-</u>	<u>13,169</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,998</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

	Adult Learning Resource Center	Child and Family Connections	Early Childhood Grant (11-3705-70 & 12-3705-00)	Early Childhood Block Grant (11-3750-01 & 12-3705-01)	Even Start
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	451,971	459,507	330,362	-
Federal sources	15,707	121,372	-	-	32,659
Total Revenues	<u>15,707</u>	<u>573,343</u>	<u>459,507</u>	<u>330,362</u>	<u>32,659</u>
<b>EXPENDITURES</b>					
Salaries and benefits	10,997	457,005	336,182	238,763	7,748
Purchased services	4,094	107,358	34,346	53,211	19,403
Supplies and materials	616	7,056	50,527	17,448	5,679
Capital outlay	-	2,188	39,170	20,940	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>15,707</u>	<u>573,607</u>	<u>460,225</u>	<u>330,362</u>	<u>32,830</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(264)</u>	<u>(718)</u>	<u>-</u>	<u>(171)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer in	-	-	718	-	-
Interest	-	264	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>264</u>	<u>718</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	(171)
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED (See Note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

	Family Literacy	Hearing/Vision Screening	Local Donations	McKinney Education for Homeless Children (11-4920-00 & 12-4920-00)	ARRA - McKinney Education for Homeless Children
<b>REVENUES</b>					
Local sources	\$ -	\$ 8,792	\$ 1,200	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	276,311	10,225
Total Revenues	<u>-</u>	<u>8,792</u>	<u>1,200</u>	<u>276,311</u>	<u>10,225</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	5,681	-	83,101	3,148
Purchased services	-	704	-	7,245	6,156
Supplies and materials	-	-	1,133	5,231	-
Capital outlay	-	-	-	-	921
Payments to other governments	-	-	-	181,941	-
Total Expenditures	<u>-</u>	<u>6,385</u>	<u>1,133</u>	<u>277,518</u>	<u>10,225</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>2,407</u>	<u>67</u>	<u>(1,207)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer in	-	-	-	38	-
Interest	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	2,407	67	(1,169)	-
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED (See Note 13)	<u>737</u>	<u>2,713</u>	<u>2,858</u>	<u>1,169</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 737</u>	<u>\$ 5,120</u>	<u>\$ 2,925</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

	Pioneer Grant	Regional Safe Schools	Regional System Provider/ Federal System	ROE Technology Maintenance	Teaching American History
<b>REVENUES</b>					
Local sources	\$ 7,058	\$ -	\$ -	\$ -	\$ 7,639
State sources	-	76,205	-	-	-
Federal sources	-	-	63,529	-	286,909
Total Revenues	<u>7,058</u>	<u>76,205</u>	<u>63,529</u>	<u>-</u>	<u>294,548</u>
<b>EXPENDITURES</b>					
Salaries and benefits	4,807	64,242	52,377	-	78,604
Purchased services	2,251	11,963	11,152	221	214,277
Supplies and materials	-	-	-	-	1,667
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>7,058</u>	<u>76,205</u>	<u>63,529</u>	<u>221</u>	<u>294,548</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(221)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer in	-	-	-	-	-
Interest	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	(221)	-
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED (See Note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,733</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,512</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

	Teaching Math	Teen Court	Teen Court Donations	Teen Court Fines	Teen Parent Services
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ 1,817	\$ 12,772	\$ -
State sources	-	10,060	-	-	6,002
Federal sources	2,858	-	-	-	-
Total Revenues	<u>2,858</u>	<u>10,060</u>	<u>1,817</u>	<u>12,772</u>	<u>6,002</u>
<b>EXPENDITURES</b>					
Salaries and benefits	2,858	6,158	-	9,049	3,643
Purchased services	-	1,528	419	2,749	135
Supplies and materials	-	387	-	974	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>2,858</u>	<u>8,073</u>	<u>419</u>	<u>12,772</u>	<u>3,778</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,987</u>	<u>1,398</u>	<u>-</u>	<u>2,224</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer in	-	1,873	-	-	-
Interest	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,873</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	3,860	1,398	-	2,224
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED (See Note 13)	<u>-</u>	<u>(3,860)</u>	<u>-</u>	<u>-</u>	<u>(2,224)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,398</u>	<u>\$ -</u>	<u>\$ -</u>



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

	ARRA Title I - School Improvement	Title II - Teacher Quality	Title IV - Safe and Drug Free Formula	Truants Alternative Optional Education	Truants Alternative Optional Education Program Training
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	120,386	296,873
Federal sources	6,417	1,220	-	-	-
Total Revenues	<u>6,417</u>	<u>1,220</u>	<u>-</u>	<u>120,386</u>	<u>296,873</u>
<b>EXPENDITURES</b>					
Salaries and benefits	3,260	495	-	98,488	99,278
Purchased services	3,157	500	-	20,090	190,118
Supplies and materials	-	225	-	1,808	3,220
Capital outlay	-	-	-	-	4,257
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>6,417</u>	<u>1,220</u>	<u>-</u>	<u>120,386</u>	<u>296,873</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer in	-	-	-	-	-
Interest	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED (See Note 13)	<u>-</u>	<u>-</u>	<u>632</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

	United Way	WC4 (ROE/ISC Operations)	Workforce Investment	TOTALS
<b>REVENUES</b>				
Local sources	\$ 2,374	\$ -	\$ -	\$ 41,652
State sources	-	36,741	-	1,788,107
Federal sources	-	-	32,000	849,207
Total Revenues	<u>2,374</u>	<u>36,741</u>	<u>32,000</u>	<u>2,678,966</u>
<b>EXPENDITURES</b>				
Salaries and benefits	995	27,820	29,643	1,624,342
Purchased services	1,356	8,921	2,357	703,711
Supplies and materials	-	-	-	95,971
Capital outlay	-	-	-	67,476
Payments to other governments	-	-	-	181,941
Total Expenditures	<u>2,351</u>	<u>36,741</u>	<u>32,000</u>	<u>2,673,441</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>23</u>	<u>-</u>	<u>-</u>	<u>5,525</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	-	-	-	2,629
Interest	-	-	-	264
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,893</u>
NET CHANGE IN FUND BALANCE	23	-	-	8,418
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED (See Note 13)	<u>822</u>	<u>-</u>	<u>-</u>	<u>4,751</u>
FUND BALANCE - ENDING	<u>\$ 845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,169</u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011, to June 30, 2012)  
EDUCATION FUND ACCOUNT  
CHILD AND FAMILY CONNECTIONS  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 584,311	\$ 584,311	\$ 451,971
Federal sources	-	-	121,372
Total Revenue	<u>584,311</u>	<u>584,311</u>	<u>573,343</u>
<b>EXPENDITURES</b>			
Salaries and benefits	464,667	464,667	457,005
Purchased services	103,894	103,894	107,358
Supplies and materials	13,350	13,350	7,056
Capital outlay	2,400	2,400	2,188
Total Expenditures	<u>584,311</u>	<u>584,311</u>	<u>573,607</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>(264)</u>
<b>OTHER FINANCING SOURCES</b>			
Interest	-	-	264
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>264</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	-
<b>FUND BALANCE - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2010, to August 31, 2011)  
EDUCATION FUND ACCOUNT  
EARLY CHILDHOOD GRANT (11-3705-70)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY11	FY12	
REVENUE					
State sources	\$ 313,956	\$ 313,956	\$ 149,851	\$ 107,164	\$ 257,015
Total Revenue	<u>313,956</u>	<u>313,956</u>	<u>149,851</u>	<u>107,164</u>	<u>257,015</u>
EXPENDITURES					
Salaries and benefits	260,721	230,721	144,951	39,404	184,355
Purchased services	25,435	25,435	4,169	11,092	15,261
Supplies and materials	23,000	23,000	731	26,208	26,939
Capital outlay	4,800	34,800	-	30,460	30,460
Total Expenditures	<u>313,956</u>	<u>313,956</u>	<u>149,851</u>	<u>107,164</u>	<u>257,015</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011, to June 30, 2012)  
EDUCATION FUND ACCOUNT  
EARLY CHILDHOOD GRANT (12-3705-00)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amount
	Original	Final	
REVENUE			
State sources	\$ 357,750	\$ 357,750	\$ 352,343
Total Revenue	<u>357,750</u>	<u>357,750</u>	<u>352,343</u>
EXPENDITURES			
Salaries and benefits	298,290	298,290	296,778
Purchased services	23,615	23,615	23,254
Supplies and materials	21,045	21,045	24,319
Capital outlay	14,800	14,800	8,710
Total Expenditures	<u>357,750</u>	<u>357,750</u>	<u>353,061</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(718)</u>
OTHER FINANCING SOURCES			
Transfer in	-	-	718
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>718</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2010, to August 30, 2011)  
EDUCATION FUND ACCOUNT  
EARLY CHILDHOOD BLOCK GRANT (11-3705-01)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY11	FY12	
REVENUE					
State sources	\$ 249,147	\$ 249,147	\$ 149,688	\$ 81,208	\$ 230,896
Total Revenue	<u>249,147</u>	<u>249,147</u>	<u>149,688</u>	<u>81,208</u>	<u>230,896</u>
EXPENDITURES					
Salaries and benefits	208,197	170,993	114,657	41,966	156,623
Purchased services	39,450	40,650	28,404	7,771	36,175
Supplies and materials	1,500	15,000	6,627	10,531	17,158
Capital outlay	-	22,504	-	20,940	20,940
Total Expenditures	<u>249,147</u>	<u>249,147</u>	<u>149,688</u>	<u>81,208</u>	<u>230,896</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011, to August 1, 2012)  
EDUCATION FUND ACCOUNT  
EARLY CHILDHOOD BLOCK GRANT (12-3705-01)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amount
	Original	Final	
REVENUE			
State sources	\$ 271,468	\$ 311,185	\$ 249,154
Total Revenue	<u>271,468</u>	<u>311,185</u>	<u>249,154</u>
EXPENDITURES			
Salaries and benefits	226,051	241,930	196,797
Purchased services	42,917	51,763	45,440
Supplies and materials	2,500	8,297	6,917
Capital outlay	-	9,195	-
Total Expenditures	<u>271,468</u>	<u>311,185</u>	<u>249,154</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2010, to August 31, 2011)  
EDUCATION FUND ACCOUNT  
EVEN START  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 100,000	\$ 134,858	\$ 32,659
Total Revenue	<u>100,000</u>	<u>134,858</u>	<u>32,659</u>
EXPENDITURES			
Salaries and benefits	47,830	77,330	7,748
Purchased services	43,167	43,167	19,403
Supplies and materials	9,003	12,861	5,679
Capital outlay	-	1,500	-
Total Expenditures	<u>100,000</u>	<u>134,858</u>	<u>32,830</u>
NET CHANGE IN FUND BALANCE	-	-	(171)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>171</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2010, to August 31, 2011)  
EDUCATION FUND ACCOUNT  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN (11-4920-00)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY11	FY12	
REVENUE					
Federal sources	\$ 275,896	\$ 278,305	\$ 271,303	\$ 14,749	\$ 286,052
Total Revenue	<u>275,896</u>	<u>278,305</u>	<u>271,303</u>	<u>14,749</u>	<u>286,052</u>
EXPENDITURES					
Salaries and benefits	62,630	69,478	65,435	10,438	75,873
Purchased services	6,458	8,144	6,946	1,121	8,067
Supplies and materials	2,760	3,762	2,001	4,359	6,360
Payments to other governments	204,048	196,921	196,921	-	196,921
Total Expenditures	<u>275,896</u>	<u>278,305</u>	<u>271,303</u>	<u>15,918</u>	<u>287,221</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,169)</u>	<u>(1,169)</u>
NET CHANGE IN FUND BALANCE	-	-	-	(1,169)	(1,169)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169</u>	<u>1,169</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011, to September 30, 2012)  
EDUCATION FUND ACCOUNT  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN (12-4920-00)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 278,483	\$ 297,159	\$ 261,562
Total Revenue	<u>278,483</u>	<u>297,159</u>	<u>261,562</u>
EXPENDITURES			
Salaries and benefits	70,921	75,229	72,663
Purchased services	10,761	16,636	6,124
Supplies and materials	4,426	6,419	872
Payments to other governments	192,375	198,875	181,941
Total Expenditures	<u>278,483</u>	<u>297,159</u>	<u>261,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(38)</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	38
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>38</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 20, 2009, to September 30, 2011)  
EDUCATION FUND ACCOUNT  
ARRA - MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts			Total Actual Amounts
	Original	Final	FY10	FY11	FY12	
REVENUE						
Federal sources	\$ 125,876	\$ 133,376	\$ 106,782	\$ 16,368	\$ 10,225	\$ 133,375
Total Revenue	<u>125,876</u>	<u>133,376</u>	<u>106,782</u>	<u>16,368</u>	<u>10,225</u>	<u>133,375</u>
EXPENDITURES						
Salaries and benefits	7,819	19,322	6,828	12,494	3,148	22,470
Purchased services	3,124	10,042	946	8,252	6,156	15,354
Supplies and materials	500	2,712	608	-	-	608
Capital outlay	-	2,900	-	2,604	921	3,525
Payments to other governments	114,433	98,400	98,400	(6,982)	-	91,418
Total Expenditures	<u>125,876</u>	<u>133,376</u>	<u>106,782</u>	<u>16,368</u>	<u>10,225</u>	<u>133,375</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011, to June 30, 2012)  
EDUCATION FUND ACCOUNT  
REGIONAL SAFE SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUE</b>			
State sources	\$ 55,189	\$ 55,189	\$ 76,205
Total Revenue	<u>55,189</u>	<u>55,189</u>	<u>76,205</u>
<b>EXPENDITURES</b>			
Salaries and benefits	48,919	48,919	64,242
Purchased services	5,600	5,600	11,963
Supplies and materials	670	670	-
Total Expenditures	<u>55,189</u>	<u>55,189</u>	<u>76,205</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

Note: The actual amounts for Regional Safe Schools include FY11 obligated amounts not accrued in FY11.

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011, to June 30, 2013)  
EDUCATION FUND ACCOUNT  
TEACHING AMERICAN HISTORY  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Local sources	\$ -	\$ -	\$ 7,639
Federal sources	614,888	614,888	286,909
Total Revenue	<u>614,888</u>	<u>614,888</u>	<u>294,548</u>
EXPENDITURES			
Salaries and benefits	152,674	152,674	78,604
Purchased services	457,214	457,214	214,277
Supplies and materials	5,000	5,000	1,667
Total Expenditures	<u>614,888</u>	<u>614,888</u>	<u>294,548</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period March 23, 2012, to June 30, 2012)  
EDUCATION FUND ACCOUNT  
TITLE II - TEACHER QUALITY  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 1,220	\$ 1,220	\$ 1,220
Total Revenue	<u>1,220</u>	<u>1,220</u>	<u>1,220</u>
EXPENDITURES			
Salaries and benefits	488	488	495
Purchased services	500	500	500
Supplies and materials	232	232	225
Total Expenditures	<u>1,220</u>	<u>1,220</u>	<u>1,220</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011, to June 30, 2012)  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE OPTIONAL EDUCATION (12-3695-10)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 108,313	\$ 108,313	\$ 120,386
Total Revenue	<u>108,313</u>	<u>108,313</u>	<u>120,386</u>
<b>EXPENDITURES</b>			
Salaries and benefits	99,116	99,116	98,488
Purchased services	8,710	8,710	20,090
Supplies and materials	487	487	1,808
Total Expenditures	<u>108,313</u>	<u>108,313</u>	<u>120,386</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

Note: The actual amounts for Truants Alternative Optional Education include FY11 obligated amounts not accrued in FY11.

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2010, to August 30, 2011)  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING (11-3695-00)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY11	FY12	
REVENUE					
State sources	\$ 202,850	\$ 202,850	\$ 58,727	\$ 144,123	\$ 202,850
Total Revenue	<u>202,850</u>	<u>202,850</u>	<u>58,727</u>	<u>144,123</u>	<u>202,850</u>
EXPENDITURES					
Salaries and benefits	88,848	67,149	51,696	14,697	66,393
Purchased services	105,374	122,073	5,767	122,248	128,015
Supplies and materials	500	1,500	179	2,921	3,100
Capital outlay	-	4,000	-	4,257	4,257
Payments to other governments	8,128	8,128	1,085	-	1,085
Total Expenditures	<u>202,850</u>	<u>202,850</u>	<u>58,727</u>	<u>144,123</u>	<u>202,850</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period September 1, 2011, to August 31, 2012)  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING (12-3695-00)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 202,850	\$ 202,850	\$ 152,750
Total Revenue	<u>202,850</u>	<u>202,850</u>	<u>152,750</u>
EXPENDITURES			
Salaries and benefits	89,305	89,305	84,581
Purchased services	113,045	113,045	67,870
Supplies and materials	500	500	299
Total Expenditures	<u>202,850</u>	<u>202,850</u>	<u>152,750</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011, to June 30, 2012)  
EDUCATION FUND ACCOUNT  
WC4 (ROE/ISC OPERATIONS)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 23,971	\$ 23,971	\$ 36,741
Total Revenue	<u>23,971</u>	<u>23,971</u>	<u>36,741</u>
EXPENDITURES			
Salaries and benefits	21,434	21,434	27,820
Purchased services	2,135	2,135	8,921
Supplies and materials	402	402	-
Total Expenditures	<u>23,971</u>	<u>23,971</u>	<u>36,741</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: The actual amounts for WC4 include FY11 obligated amounts not accrued in FY11.

HANCOCK/MCDONOUGH  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period June 1, 2011, to November 10, 2011)  
 EDUCATION FUND ACCOUNT  
 WORKFORCE INVESTMENT  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 32,000	\$ 32,000	\$ 32,000
Total Revenue	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>
EXPENDITURES			
Salaries and benefits	29,500	29,500	29,643
Purchased services	2,500	2,500	2,357
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2012

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Institute</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,553	\$ 7,349	\$ 48,898	\$ 57,800
<b>TOTAL ASSETS</b>	<u>\$ 1,553</u>	<u>\$ 7,349</u>	<u>\$ 48,898</u>	<u>\$ 57,800</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 996	\$ -	\$ 996
Total Liabilities	<u>-</u>	<u>996</u>	<u>-</u>	<u>996</u>
<b>FUND BALANCE</b>				
Restricted	<u>1,553</u>	<u>6,353</u>	<u>48,898</u>	<u>56,804</u>
Total Fund Balance	<u>1,553</u>	<u>6,353</u>	<u>48,898</u>	<u>56,804</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,553</u>	<u>\$ 7,349</u>	<u>\$ 48,898</u>	<u>\$ 57,800</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	General Education Development	Bus Driver Training	Institute	TOTALS
REVENUES				
Local sources	\$ 4,529	\$ 1,584	\$ 44,144	\$ 50,257
State sources	-	764	-	764
Total Revenues	<u>4,529</u>	<u>2,348</u>	<u>44,144</u>	<u>51,021</u>
EXPENDITURES				
Salaries and benefits	3,386	-	4,932	8,318
Purchased services	3,409	1,128	20,366	24,903
Supplies and materials	-	-	56	56
Total Expenditures	<u>6,795</u>	<u>1,128</u>	<u>25,354</u>	<u>33,277</u>
NET CHANGE IN FUND BALANCE	(2,266)	1,220	18,790	17,744
FUND BALANCE - BEGINNING	<u>3,819</u>	<u>5,133</u>	<u>30,108</u>	<u>39,060</u>
FUND BALANCE - ENDING	<u>\$ 1,553</u>	<u>\$ 6,353</u>	<u>\$ 48,898</u>	<u>\$ 56,804</u>

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			Totals
	Workshop Fund	Video Co-op	Fingerprinting Fund	
ASSETS				
Cash and cash equivalents	\$ 4,793	\$ 301	\$ 6,764	\$ 11,858
Total current assets	4,793	301	6,764	11,858
Noncurrent assets:				
Capital assets, being depreciated, net	848	-	6,744	7,592
Total noncurrent assets	848	-	6,744	7,592
TOTAL ASSETS	5,641	301	13,508	19,450
NET ASSETS				
Invested in capital assets	848	-	6,744	7,592
Unrestricted	4,793	301	6,764	11,858
TOTAL NET ASSETS	\$ 5,641	\$ 301	\$ 13,508	\$ 19,450

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds			Totals
	Workshop Fund	Video Co-op	Fingerprinting Fund	
OPERATING REVENUES				
Fees for services	\$ -	\$ 3,162	\$ 40,295	\$ 43,457
Total Operating Revenues	<u>-</u>	<u>3,162</u>	<u>40,295</u>	<u>43,457</u>
OPERATING EXPENSES				
Purchased services	-	3,012	24,390	27,402
Supplies and materials	-	2,046	110	2,156
Depreciation	620	-	1,547	2,167
Total Operating Expenses	<u>620</u>	<u>5,058</u>	<u>26,047</u>	<u>31,725</u>
OPERATING INCOME (LOSS)	<u>(620)</u>	<u>(1,896)</u>	<u>14,248</u>	<u>11,732</u>
NONOPERATING REVENUE				
Transfer out	-	-	(10,364)	(10,364)
Total Nonoperating Revenue	<u>-</u>	<u>-</u>	<u>(10,364)</u>	<u>(10,364)</u>
CHANGE IN NET ASSETS	(620)	(1,896)	3,884	1,368
TOTAL NET ASSETS - BEGINNING	<u>6,261</u>	<u>2,197</u>	<u>9,624</u>	<u>18,082</u>
TOTAL NET ASSETS - ENDING	<u>\$ 5,641</u>	<u>\$ 301</u>	<u>\$ 13,508</u>	<u>\$ 19,450</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			
	Workshop Fund	Video Co-op	Fingerprinting Fund	Totals
Cash Flows from Operating Activities:				
Receipts from customers	\$ -	\$ 3,162	\$ 40,295	\$ 43,457
Payments to suppliers and providers of goods and services	-	(5,058)	(25,622)	(30,680)
Net Cash Provided by (Used for) Operating Activities	-	(1,896)	14,673	12,777
Cash Flows from Noncapital Financing Activities:				
Payments for interfund borrowing, net	-	-	(15,396)	(15,396)
Net Cash Used for Noncapital Financing Activities	-	-	(15,396)	(15,396)
Net Decrease in Cash and Cash Equivalents	-	(1,896)	(723)	(2,619)
Cash and cash equivalents - Beginning	4,793	2,197	7,487	14,477
Cash and cash equivalents - Ending	\$ 4,793	\$ 301	\$ 6,764	\$ 11,858
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (620)	\$ (1,896)	\$ 14,248	\$ 11,732
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	620	-	1,547	2,167
Increase/(decrease) in liabilities: Decrease in accounts payable	-	-	(1,122)	(1,122)
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ (1,896)	\$ 14,673	\$ 12,777



HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2012

	Administrative Roundtable	Area III Superintendents	Hancock County Principal Fund	Regional Board of School Trustees	Rotary Scholarship
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,566	\$ 8,125	\$ 5,244	\$ 1,773	\$ 300
Due from other governments	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 10,566</b>	<b>\$ 8,125</b>	<b>\$ 5,244</b>	<b>\$ 1,773</b>	<b>\$ 300</b>
<b>LIABILITIES</b>					
Due to other governments	\$ 10,566	\$ 8,125	\$ 5,244	\$ 1,773	\$ 300
<b>TOTAL LIABILITIES</b>	<b>\$ 10,566</b>	<b>\$ 8,125</b>	<b>\$ 5,244</b>	<b>\$ 1,773</b>	<b>\$ 300</b>

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2012

	Western Area Career System	Distributive Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 280	\$ 2,618	\$ 28,906
Due from other governments	-	1,650,671	1,650,671
<b>TOTAL ASSETS</b>	<b>\$ 280</b>	<b>\$ 1,653,289</b>	<b>\$ 1,679,577</b>
<b>LIABILITIES</b>			
Due to other governments	\$ 280	\$ 1,653,289	\$ 1,679,577
<b>TOTAL LIABILITIES</b>	<b>\$ 280</b>	<b>\$ 1,653,289</b>	<b>\$ 1,679,577</b>

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>ADMINISTRATIVE ROUNDTABLE</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 15,296	\$ 4,730	\$ 10,566
Total Assets	<u>\$ -</u>	<u>\$ 15,296</u>	<u>\$ 4,730</u>	<u>\$ 10,566</u>
LIABILITIES				
Due to other governments	\$ -	\$ 15,296	\$ 4,730	\$ 10,566
Total Liabilities	<u>\$ -</u>	<u>\$ 15,296</u>	<u>\$ 4,730</u>	<u>\$ 10,566</u>
 <u>AREA III SUPERINTENDENTS</u>				
ASSETS				
Cash and cash equivalents	\$ 3,908	\$ 6,640	\$ 2,423	\$ 8,125
Total Assets	<u>\$ 3,908</u>	<u>\$ 6,640</u>	<u>\$ 2,423</u>	<u>\$ 8,125</u>
LIABILITIES				
Due to other governments	\$ 3,908	\$ 6,640	\$ 2,423	\$ 8,125
Total Liabilities	<u>\$ 3,908</u>	<u>\$ 6,640</u>	<u>\$ 2,423</u>	<u>\$ 8,125</u>
 <u>HANCOCK COUNTY PRINCIPAL FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 4,438	\$ 2,217	\$ 1,411	\$ 5,244
Total Assets	<u>\$ 4,438</u>	<u>\$ 2,217</u>	<u>\$ 1,411</u>	<u>\$ 5,244</u>
LIABILITIES				
Due to other governments	\$ 4,438	\$ 2,217	\$ 1,411	\$ 5,244
Total Liabilities	<u>\$ 4,438</u>	<u>\$ 2,217</u>	<u>\$ 1,411</u>	<u>\$ 5,244</u>

HANCOCK/MCDONOUGH COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>REGIONAL BOARD OF TRUSTEES</u>				
ASSETS				
Cash and cash equivalents	\$ 1,773	\$ 1,285	\$ 1,285	\$ 1,773
Total Assets	<u>\$ 1,773</u>	<u>\$ 1,285</u>	<u>\$ 1,285</u>	<u>\$ 1,773</u>
LIABILITIES				
Due to other governments	\$ 1,773	\$ 1,285	\$ 1,285	\$ 1,773
Total Liabilities	<u>\$ 1,773</u>	<u>\$ 1,285</u>	<u>\$ 1,285</u>	<u>\$ 1,773</u>
 <u>ROTARY SCHOLARSHIP</u>				
ASSETS				
Cash and cash equivalents	\$ 750	\$ -	\$ 450	\$ 300
Total Assets	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 450</u>	<u>\$ 300</u>
LIABILITIES				
Due to other governments	\$ 750	\$ -	\$ 450	\$ 300
Total Liabilities	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 450</u>	<u>\$ 300</u>
 <u>WESTERN AREA CAREER SYSTEM</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,264	\$ 1,984	\$ 280
Total Assets	<u>\$ -</u>	<u>\$ 2,264</u>	<u>\$ 1,984</u>	<u>\$ 280</u>
LIABILITIES				
Due to other governments	\$ -	\$ 2,264	\$ 1,984	\$ 280
Total Liabilities	<u>\$ -</u>	<u>\$ 2,264</u>	<u>\$ 1,984</u>	<u>\$ 280</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 6,626,440	\$ 6,623,822	\$ 2,618
Due from other governments	-	6,959,146	5,308,475	1,650,671
Total Assets	<u>\$ -</u>	<u>\$ 13,585,586</u>	<u>\$ 11,932,297</u>	<u>\$ 1,653,289</u>
LIABILITIES				
Due to other governments	<u>\$ -</u>	<u>\$ 13,585,586</u>	<u>\$ 11,932,297</u>	<u>\$ 1,653,289</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 13,585,586</u>	<u>\$ 11,932,297</u>	<u>\$ 1,653,289</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 10,869	\$ 6,654,142	\$ 6,636,105	\$ 28,906
Due from other governments	-	6,959,146	5,308,475	1,650,671
Total Assets	<u>\$ 10,869</u>	<u>\$ 13,613,288</u>	<u>\$ 11,944,580</u>	<u>\$ 1,679,577</u>
LIABILITIES				
Due to other governments	<u>\$ 10,869</u>	<u>\$ 13,613,288</u>	<u>\$ 11,944,580</u>	<u>\$ 1,679,577</u>
Total Liabilities	<u>\$ 10,869</u>	<u>\$ 13,613,288</u>	<u>\$ 11,944,580</u>	<u>\$ 1,679,577</u>

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF DISBURSEMENTS TO OTHER ENTITIES  
DISTRIBUTIVE FUND  
FOR THE YEAR ENDED JUNE 30, 2012

DISTRIBUTIONS	Acct. No.	Western Area Career System	West Central Illinois Special Ed	Regional Office of Education #26	Total
State Funds					
General State Aid - Sec. 18-8	3001	\$ -	\$ -	\$ 234,237	\$ 234,237
Sp. Ed. - Personnel	3110	-	1,087,327	-	1,087,327
Career & Technical Ed Improvement (CTEI)	3220	543,622	-	-	543,622
Agriculture Education	3235	21,688	-	-	21,688
State Free Lunch & Breakfast	3360	-	1,838	138	1,976
ROE School Bus Driver Training	3520	-	-	764	764
Truants Alternative/Optional Ed.	3695	-	-	230,609	230,609
Regional Safe Schools	3696	-	-	40,256	40,256
Early Childhood - Block Grant	3705	-	-	478,081	478,081
ROE/ISC Operations	3730	-	-	23,971	23,971
Total State Funds		<u>565,310</u>	<u>1,089,165</u>	<u>1,008,056</u>	<u>2,662,531</u>
Federal Funds					
National School Lunch Program	4210	-	25,391	4,359	29,750
School Breakfast Program	4220	-	17,299	-	17,299
Even Start	4335	-	-	5,000	5,000
Fed. - Sp. Ed. - Pre-School Flow Through	4600	-	160,313	-	160,313
Fed. - Sp. Ed. - I.D.E.A. Flow Through	4620	-	3,094,806	-	3,094,806
CTE-Perkins Secondary	4745	139,008	-	-	139,008
ARRA-Title I School Improvement	4854	-	-	36,225	36,225
ARRA-Special Ed Preschool	4856	-	3,132	-	3,132
ARRA-IDEA Flow Through	4857	-	214,050	-	214,050
ARRA-McKinney Education for Homeless Children	4862	-	-	8,341	8,341
McKinney Education for Homeless Children	4920	-	-	252,872	252,872
Title II - Teacher Quality	4932	-	-	495	495
Total Federal Funds		<u>139,008</u>	<u>3,514,991</u>	<u>307,292</u>	<u>3,961,291</u>
TOTAL DISTRIBUTIONS		<u>\$ 704,318</u>	<u>\$ 4,604,156</u>	<u>\$ 1,315,348</u>	<u>\$ 6,623,822</u>

## FEDERAL COMPLIANCE

HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/11-6/30/12</u>
<b>US Department of Education</b>			
Fund for the Improvement of Education			
Teaching American History	84.215X	U215X080056	\$ 286,909
Total Fund for the Improvement of Education			<u>286,909 (M)</u>
<b>passed through Illinois State Board of Education</b>			
Improving Teacher Quality State Grants			
Title II - Teacher Quality	84.367A	12-4932-00	1,220
Total Improving Teacher Quality State Grants			<u>1,220</u>
Even Start - State Educational Agencies			
Even Start	84.213C	11-4335-00	32,659
Total Even Start - State Educational Agencies			<u>32,659</u>
Education for Homeless Children and Youth - Cluster			
<b>passed through Illinois State Board of Education</b>			
McKinney Education for Homeless Children	84.196A	11-4920-00	14,749
McKinney Education for Homeless Children	84.196A	12-4920-00	261,562
ARRA - McKinney Education for Homeless Children	84.387A	10-4862-00	10,225
<b>passed through The Center: Resources for Teaching and Learning</b>			
Adult Learning Resource Center (McKinney Education for Homeless Childre	84.196A		15,707
Total McKinney Education for Homeless Children and Youth - Cluster			<u>302,243 (M)</u>
Title I Grants to Local Educational Agencies - Cluster			
<b>passed through Two Rivers Professional Development Center</b>			
Regional System Provider/Federal System (Title I - School Improvement)	84.010A	12-433I-SS	63,529
<b>passed through Illinois State Board of Education</b>			
ARRA - Title I - School Improvement	84.389A	11-4854-00	6,417
Total Title I Grants to Local Educational Agencies - Cluster			<u>69,946</u>
<b>passed through Western Illinois University</b>			
Mathematics and Science Partnerships			
Teaching Math	84.366	R026149	2,858
Total Mathematics and Science Partnerships			<u>2,858</u>
<b>passed through Illinois Department of Human Services (IDHS)</b>			
Rehabilitation Services - Vocational Rehabilitation Grants to States			
Regional Programs	84.126	30081440A	7,537
Total Rehabilitation Services - Vocational Rehabilitation Grants to States			<u>7,537</u>
Special Education - Grants for Infants and Families			
Child and Family Connections	84.181	835024900	121,372
Total Special Education - Grants for Infants and Families			<u>121,372</u>
<b>Total US Department of Education</b>			<u>824,744</u>

The accompanying notes are an integral part of this schedule.



HANCOCK/MCDONOUGH COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/11-6/30/12</u>
<b>US Department of Agriculture</b>			
<b>passed through Illinois State Board of Education</b>			
National School Lunch Program			
Hancock McDonough Alternative Schools	10.555	12-4210-00	<u>4,359</u>
Total National School Lunch Program			<u>4,359</u>
<b>Total US Department of Agriculture</b>			<u>4,359</u>
<b>US Department of Labor</b>			
<b>passed through Workforce Investment Office of Western Illinois</b>			
Workforce Investment Act Youth Activities			
Workforce Investment	17.259	LWA14	<u>32,000</u>
Total Workforce Investment Act Youth Activities			<u>32,000</u>
<b>Total US Department of Labor</b>			<u>32,000</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 861,103</u>

(M) Program was audited as a major program.

HANCOCK/MCDONOUGH  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education #26 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Regional Office of Education #26 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
McKinney Education for Homeless Children	84.196A	\$ 181,941

NOTE 3 – DESCRIPTION OF MAJOR FEDERAL PROGRAM

Teaching American History – Used to account for federal grant proceeds received in the Regional Office’s project to conduct nationally significant programs to improve the quality of education, assist all students to meet challenging State content standards, and contribute to the achievement of elementary and secondary students.

Education for Homeless Children and Youth – Cluster – Used to account for the McKinney Education for Homeless Children programs to facilitate the enrollment, attendance, and success of homeless youths in school.

NOTE 4 – NON-CASH ASSISTANCE

None

NOTE 5 – AMOUNT OF INSURANCE

None

NOTE 6 – LOANS OR LOAN GUARANTEES OUTSTANDING

None