

STATE OF ILLINOIS
MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

FINANCIAL AUDIT

For the Year Ended June 30, 2012

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

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MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

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MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

OFFICIALS

Regional Superintendent
(August 1, 2012 – Present)

Ms. Phyllis Glazier

Regional Superintendent
(July 1, 2011 - July 31, 2012)

Ms. Ronda Cross

Assistant Regional Superintendent
(August 1, 2012 – Present)

Ms. Kathryn Marshall

Assistant Regional Superintendent
(July 1, 2011 – June 30, 2012)

Mr. Patrick Durley

Office is located at:

117 South Jefferson
Washburn, IL 61570

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

FINANCIAL REPORT SUMMARY

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

AUDITOR'S REPORTS

The auditor's reports do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	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.

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<u>Findings (Government Auditing Standards)</u>			
12-1	10	Controls Over Financial Statement Preparation	Material Weakness

Prior Audit Findings Not Repeated (Government Auditing Standards)

None

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

FINANCIAL REPORT SUMMARY - CONTINUED

EXIT CONFERENCE

The finding and recommendation appearing in this report were discussed with Agency personnel in a formal exit conference via phone on February 4, 2013. Attending were Phyllis Glazier, ROE #43 Regional Superintendent, Jeannie Wright, ROE #43 bookkeeper, and Dawn Carlson, partner Sulaski & Webb CPAs, and Renee Brucker, manager Sulaski & Webb CPAs. Response to the recommendation was provided by Phyllis Glazier, Regional Superintendent, via email on December 10, 2012.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of Marshall, Putnam and Woodford Counties Regional Office of Education #43 was performed by Sulaski and Webb, CPAs.

Based on their audit, the auditors expressed an unqualified opinion on the Marshall, Putnam and Woodford Counties Regional Office of Education #43'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 Marshall, Putnam and Woodford Counties Regional Office of Education #43, as of and for the year ended June 30, 2012, which collectively comprise the Marshall, Putnam and Woodford Counties Regional Office of Education #43's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Marshall, Putnam and Woodford Counties Regional Office of Education #43'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 Marshall, Putnam and Woodford Counties Regional Office of Education #43, 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 May 9, 2013 on our consideration of the Marshall, Putnam and Woodford Counties Regional Office of Education #43'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 on pages 14 through 18 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 Marshall, Putnam and Woodford Counties Regional Office of Education #43's financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules 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 non-major fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Sulaski & Webb

Sulaski and Webb
Certified Public Accountants

May 9, 2013

Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marshall, Putnam and Woodford Counties Regional Office of Education #43, as of and for the year ended June 30, 2012, which collectively comprise the Marshall, Putnam and Woodford Counties Regional Office of Education #43's basic financial statements and have issued our report thereon dated May 9, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Marshall, Putnam and Woodford Counties Regional Office of Education #43 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Marshall, Putnam and Woodford Counties Regional Office of Education #43'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 Marshall, Putnam and Woodford Counties Regional Office of Education #43's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Marshall, Putnam and Woodford Counties Regional Office of Education #43's internal control over financial reporting.

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

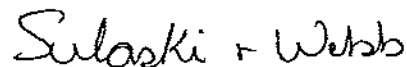
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marshall, Putnam and Woodford Counties Regional Office of Education #43'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*.

Marshall, Putnam and Woodford Counties Regional Office of Education #43's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Marshall, Putnam and Woodford Counties Regional Office of Education #43's response and, accordingly, we express no opinion on the response.

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



Sulaski and Webb
Certified Public Accountants

May 9, 2013

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012

Section I – Summary of the Auditor’s Results

Financial Statements

- (1) An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- (2) One material weakness disclosed during the audit of the financial statements is reported in the *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*.
- (3) No instances of noncompliance material to the financial statements were disclosed during the audit.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012

Section II – Financial Statement Findings

Finding No. 12-1
Repeated from 11-1, 10-1
09-1, 08-1 and 07-1

Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

The Marshall, Putnam and Woodford Counties Regional Office of Education #43 (ROE) is required to maintain a system of controls over the preparation of financial statements, including disclosures, in accordance with generally accepted accounting principles (GAAP). The ROE 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 Marshall, Putnam and Woodford Counties Regional Office of Education #43 does not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records on the cash basis of accounting. While the ROE 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, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not maintain adequate controls over the financial reporting process and adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not maintain complete records of accounts receivable, accounts payable, or 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.

Cause:

According to ROE officials, they did not have adequate funding to hire and/or train their accounting personnel in order to maintain a system of internal control over the preparation of financial statements in accordance with GAAP.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012

Section II – Financial Statement Findings - Continued

Finding No. 12-1
Repeated from 11-1, 10-1,
09-1, 08-1 and 07-1

Controls Over Financial Statement Preparation - Continued

Auditor's Recommendation:

As part of its internal control over the preparation of financial statements, including disclosures, the Marshall, Putnam and Woodford Counties Regional Office of Education #43 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 #43 understands the nature of this finding. The ROE accepts the degree of risk associated with this condition as this circumstance is quite common in organizations that are similar in size to the ROE. The ROE does not have the funds to employ a person who possesses both a thorough understanding of the Regional Office of Education's activities and operations and the knowledge and understanding of generally accepted accounting principles (GAAP) and GASB pronouncements needed to produce financial statements with disclosures. In an attempt to address this situation, the ROE will make it a point to send staff to any state trainings that can help them better understand accrual basis accounting and reporting under GAAP.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2012

Corrective Action Plan

Finding No. 12-1

Condition: The Marshall, Putnam and Woodford Counties Regional Office of Education #43 does not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records on the cash basis of accounting. While the ROE 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, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not maintain adequate controls over the financial reporting process and adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not maintain complete records of accounts receivable, accounts payable, or deferred revenue.

Plan: The Regional Office of Education #43 understands the nature of this finding. The ROE accepts the degree of risk associated with this condition as this circumstance is quite common in organizations that are similar in size to the ROE. The ROE does not have the funds to employ a person who possesses both a thorough understanding of the Regional Office of Education's activities and operations and the knowledge and understanding of generally accepted accounting principles (GAAP) and GASB pronouncements needed to produce financial statements with disclosures. In an attempt to address this situation, the ROE will make it a point to send staff to any state trainings that can help them better understand accrual basis accounting and reporting under GAAP.

Completion Date: Undetermined

Contact Person: Phyllis Glazier, Regional Superintendent

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2012

<u>Finding Number</u>	<u>Prior Finding</u>	<u>Status</u>
11-1	The ROE did not have sufficient internal controls over the financial reporting process.	Repeated as Finding 12-1.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

The Regional Office of Education #43 for the counties of Marshall, Putnam, and Woodford provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2012 with comparative information for the year ended June 30, 2011. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

Overview of the Financial Statements

The Regional Office of Education #43's financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board and is comprised of the Statement of Net Assets, the Statement of Activities and notes to financial statements.

The Statement of Net Assets presents information on the Regional Office of Education #43's assets and liabilities and the resulting net assets. This statement also reflects the Regional Office of Education #43's investment in capital assets, net of depreciation, and unrestricted and restricted net assets.

The Statement of Activities presents information regarding changes during the fiscal year ended June 30, 2012. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Financial Highlights

The Governmental activities' net assets decreased to \$424,492 in fiscal year 2012 from \$429,866 in fiscal year 2011. The ROE also has a new proprietary fund in the fiscal year ended June 30, 2012, causing the business-type activities' net assets to increase \$2,026 from fiscal year 2011.

Reporting the Office as a Whole

The government-wide statements report information about the Regional Office of Education #43 (ROE) as a whole. All of the current year revenues and expenses are accounted for in the statements using accounting methods similar to those used by private-sector companies.

The government-wide statements report the ROE's net assets and how they have changed. Net assets are one indicator of the ROE's financial health. In addition to increases or decreases in the net assets, one must also assess non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level to form an accurate measure of the ROE's financial position.

The government-wide financial statements present all of the ROE's activities. Local, state and federal sources of revenue are included in these activities.

The fund financial statements provide detailed information about the ROE's funds. These individual funds track the source and spending for particular programs. State law requires some funds. The ROE establishes other funds for the control and management of funds for particular purposes.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Reporting the Office as a Whole (Continued)

The ROE has three kinds of funds:

1. Governmental funds account for those funds through which most governmental functions of the ROE are financed. Fund statements provide a detailed view to determine whether there are more or fewer resources available for the ROE's programs. These funds include general and special revenue funds.
2. Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE has one enterprise fund, the Workshops Fund.
3. Fiduciary funds are used to account for assets held by the ROE in a custodial nature and do not involve measurement of results of operations.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of the financial position of the ROE. The ROE's net assets on June 30, 2012 indicated a decrease of \$5,374. The statement that follows provides a summary of the ROE's net assets on June 30, 2012 and 2011:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Assets						
Current assets	\$ 467,542	\$ 487,679	\$ 2,026	\$ -	\$ 469,568	\$ 487,679
Total Assets	467,542	487,679	2,026	-	469,568	487,679
Liabilities						
Current liabilities	45,076	57,813	-	-	45,076	57,813
Total Liabilities	45,076	57,813	-	-	45,076	57,813
Net assets						
Unrestricted	384,009	384,313	2,026	-	386,035	384,313
Restricted for educational purposes	38,457	45,553	-	-	38,457	45,553
Total Net Assets	\$ 422,466	\$ 429,866	\$ 2,026	\$ -	\$ 424,492	\$ 429,866

The ROE's net assets decreased to \$424,492 from \$429,866. Net assets with constraints on their use by grantors, laws, or regulations are considered restricted for educational purposes. The statement that follows shows the changes in net assets for the years ended June 30, 2012 and 2011:

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Government-Wide Financial Analysis (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 11,905	\$ -	\$ 11,905	\$ -
State Sources	249,432	263,913	-	-	249,432	263,913
Federal Sources	19,781	123,388	-	-	19,781	123,388
Total Program Revenues	269,213	387,301	11,905	-	281,118	387,301
General Revenues						
Local Sources	59,021	56,863	-	-	59,021	56,863
State Sources	2,663	2,468	-	-	2,663	2,468
Federal Sources	19,232	20,323	-	-	19,232	20,323
On-Behalf Payments	353,930	337,560	-	-	353,930	337,560
Interest	1,675	1,470	-	-	1,675	1,470
Total General Revenues	436,521	418,684	-	-	436,521	418,684
Total Revenues	705,734	805,985	11,905	-	717,639	805,985
Expenses						
Program Expenses						
Salaries and Benefits	215,793	233,089	-	-	215,793	233,089
Purchased Services	103,585	110,379	210	-	103,795	110,379
Supplies and Materials	10,060	18,964	9,669	-	19,729	18,964
Payments to Other Gov. Units	29,766	36,173	-	-	29,766	36,173
Total Program Expenses	359,204	398,605	9,879	-	369,083	398,605
Administrative Expenses						
On-Behalf Payments	353,930	337,560	-	-	353,930	337,560
Total Administrative Expenses	353,930	337,560	-	-	353,930	337,560
Total Expenses	713,134	736,165	9,879	-	723,013	736,165
Change in Net Assets	(7,400)	69,820	2,026	-	(5,374)	69,820
Net Assets Beginning of Year	429,866	360,046	-	-	429,866	360,046
Net Assets End of Year	\$ 422,466	\$ 429,866	\$ 2,026	\$ -	\$ 424,492	\$ 429,866

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Financial Analysis of the Regional Office of Education #43 Funds

The ROE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The ROE is a member of a cooperative with the Regional Office of Education #35 to provide school services to our three-county area. Since the Regional Office of Education #35 is the fiscal agent for that cooperative, the funds directly included in ROE #43's accounting system are limited.

The ROE maintains a recognized "Hot Lunch Program" serving the "Regional Safe School Program" students housed on location. All accounting for this program is included in this report. This account is in sound financial condition largely due to the contract and cooperation of Lowpoint-Washburn CUSD #21, contracted meal provider.

The ROE annually prepares a budget for Office Operations, which is submitted to the three county boards serving the area. The fiscal year for this budget runs from December 1 to November 30. Any major increase in this funding level to provide additional operation funds is not realistic at this time due to financial restraints of all three county boards.

The Institute Fund funds were used to provide certification services and Institute Day to teachers and administrators throughout the year. The office staff conducts a needs assessment survey with input from local school district teachers and administrators to determine professional development needs. Workshops and institutes are established that can assist the districts in the region improve instruction or educate individuals on state and federal mandates.

The Bus Driver Training Fund is used to annually train new bus driving applicants and provide refresher courses to existing bus drivers for a total number of approximately 185 individuals annually. The Bus Driver Fund receives revenues from State sources in the amount of \$663 annually and collects participant fees (\$6 per person – 3 hours of training). In an effort to maintain the fund in a positive fiscal status, the ROE has reduced the bus trainings offered and reevaluates the program annually. This fund has a positive balance.

The GED Fund collects participant fees which are used to reimburse testing sites outside of the ROE's area. This ROE does not administer the GED test due to the small number of participants, which would dictate infrequent test administration dates. It is felt that use of outside area test administration sites provide more frequent test dates for the benefit of the participants, with little added burden as test sites are within reasonable driving distance. This fund has a positive balance.

The Regional Safe Schools Program (RSSP) – General State Aid provides funds to a program that increases safety in the public schools and promotes a positive learning environment for the students attending the RSSP. The program works to meet the educational needs of severely disruptive students in an alternative learning environment. This fund has a positive balance.

The McKinney-Vento Homeless Act provides funds for assisting homeless families/students with educational needs through the Regional Office or the school district. This fund began in the FY08 school year and provides for materials, supplies, transportation, and professional development to name a few categories. The ROE applied as a sub-grantee and was awarded the McKinney-Vento Act grant. This grant is received from the Illinois State Board of Education (ISBE) on an annual basis.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Financial Analysis of the Regional Office of Education #43 Funds (Continued)

The Principal Mentoring program was started in the FY08 school year. Funding is provided on an annual basis by ISBE through the Illinois Principals' Association. The ROE applied as a provider and was granted a three-year agreement for the Principal Mentoring. The ROE has a positive fund balance for this fee for service project.

The Rural Education Achievement Program (REAP) is a federal grant awarded to the Regional Safe School Program in an effort to provide a funding source to rural areas that struggle financially to provide resources that might otherwise not be provided by program funding (i.e. technology).

The Title II Teacher Quality Leadership grant was a one-time grant from ISBE for the purpose of coordinating and implementing school improvement and accountability services to six school districts. A coordinator worked with individual districts to analyze, plan and implement improvement strategies in order to improve student achievement.

The ROE/ISC Operations program is a grant from the State which enabled the ROE to conduct professional development jointly with LaSalle County. Primary topics for training this past year included common core standards, technology, reading, math, and other school improvement areas.

The Workshops program enabled the ROE to offer additional trainings this past year especially designed to meet the needs and interests of teachers, administrators, and other school personnel within the Marshall-Putnam-Woodford County region. Primary topics that were offered included reading, math, science, technology and other school improvement areas.

The ROE does not have any Capital Assets over its \$5,000 capitalization threshold. Much of the equipment used by the ROE was purchased and owned by the county governments of the three counties, or the cooperative with Regional Office of Education #35 used to provide school services.

The future financial condition of this ROE appears sound, but with the need for continued diligence and adjustments of service delivery. The revenue sources are a function of Federal, State, and Local funding and allowable participant fees. With no expected State funding increase and no expected increase in participant fees and inflationary cost increases, there will need to be sound financial management by making adjustments in service delivery systems and reducing or removing activities to remain fiscally responsible.

This financial report is designed to provide the Regional Offices of Education #43's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability of funds. If the reader has questions concerning this report or needs additional information regarding its contents, please contact the Regional Superintendent of the Regional Office of Education #43 at 117 South Jefferson Street, PO Box 340, Washburn, IL 61570.

BASIC FINANCIAL STATEMENTS

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 444,615	\$ 2,026	\$ 446,641
Due from other governmental units	22,927	-	22,927
Total Current Assets	467,542	2,026	469,568
TOTAL ASSETS	467,542	2,026	469,568
LIABILITIES			
Current Liabilities:			
Accrued payroll	9,505	-	9,505
Due to other governmental units	566	-	566
Deferred revenue	35,005	-	35,005
TOTAL LIABILITIES	45,076	-	45,076
NET ASSETS			
Unrestricted	384,009	2,026	386,035
Restricted for educational purposes	38,457	-	38,457
TOTAL NET ASSETS	\$ 422,466	\$ 2,026	\$ 424,492

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses)/Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
Instructional Services:						
Salaries and benefits	\$ 215,793	\$ -	\$ 188,423	\$ (27,370)	\$ -	\$ (27,370)
Purchased services	103,585	-	72,530	(31,055)	-	(31,055)
Supplies and materials	10,060	-	4,549	(5,511)	-	(5,511)
Payments to other governments	29,766	-	3,711	(26,055)	-	(26,055)
Administrative:						
On-behalf payments	353,930	-	-	(353,930)	-	(353,930)
Total governmental activities	<u>713,134</u>	<u>-</u>	<u>269,213</u>	<u>(443,921)</u>	<u>-</u>	<u>(443,921)</u>
Business-type activities						
Staff Development	9,879	11,905	-	-	2,026	2,026
Total business-type activities	<u>9,879</u>	<u>11,905</u>	<u>-</u>	<u>-</u>	<u>2,026</u>	<u>2,026</u>
Total primary government	<u>\$ 723,013</u>	<u>\$ 11,905</u>	<u>\$ 269,213</u>	<u>(443,921)</u>	<u>2,026</u>	<u>(441,895)</u>
General revenues:						
Local sources				59,021	-	59,021
State sources				2,663	-	2,663
Federal sources				19,232	-	19,232
Interest				1,675	-	1,675
On-behalf payments				353,930	-	353,930
Total general revenues				<u>436,521</u>	<u>-</u>	<u>436,521</u>
Change in net assets				(7,400)	2,026	(5,374)
Net assets - beginning				<u>429,866</u>	<u>-</u>	<u>429,866</u>
Net assets - ending				<u>\$ 422,466</u>	<u>\$ 2,026</u>	<u>\$ 424,492</u>

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 370,619	\$ 6,033	\$ 57,892	\$ 10,071	\$ 444,615
Due from other funds	1,859	-	-	-	1,859
Due from other governmental units	21,036	1,891	-	-	22,927
TOTAL ASSETS	\$ 393,514	\$ 7,924	\$ 57,892	\$ 10,071	\$ 469,401
LIABILITIES					
Accrued payroll	\$ 9,505	\$ -	\$ -	\$ -	\$ 9,505
Due to other funds	-	1,859	-	-	1,859
Due to other governmental units	-	-	566	-	566
Deferred revenue	-	-	35,005	-	35,005
Total liabilities	9,505	1,859	35,571	-	46,935
FUND BALANCES					
Restricted	-	6,065	22,321	10,071	38,457
Assigned	383,044	-	-	-	383,044
Unassigned	965	-	-	-	965
Total fund balances	384,009	6,065	22,321	10,071	422,466
TOTAL LIABILITIES AND FUND BALANCES	\$ 393,514	\$ 7,924	\$ 57,892	\$ 10,071	\$ 469,401

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
June 30, 2012

Total fund balances - governmental funds	\$ 422,466
Amounts reported for governmental activities in the Statement of Net Assets are different because:	<u>-</u>
Net assets of governmental activities	<u><u>\$ 422,466</u></u>

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 31,910	\$ 2,400	\$ 22,045	\$ 2,666	\$ 59,021
State sources	232,263	28,218	-	663	261,144
Federal sources	-	39,013	-	-	39,013
Interest	909	28	704	34	1,675
On-behalf payments	353,930	-	-	-	353,930
Total revenues	619,012	69,659	22,749	3,363	714,783
Expenditures:					
Instructional services:					
Salaries and benefits	215,033	760	-	-	215,793
Purchased services	40,675	29,598	30,200	3,112	103,585
Supplies and materials	4,488	5,039	533	-	10,060
Payments to other governments	-	29,766	-	-	29,766
On-behalf payments	353,930	-	-	-	353,930
Total expenditures	614,126	65,163	30,733	3,112	713,134
Excess (deficiency) of revenues over expenditures	4,886	4,496	(7,984)	251	1,649
Other financing sources (uses):					
Transfers in	1,859	-	-	-	1,859
Transfers out	-	(1,859)	-	-	(1,859)
Net other sources and uses of financial resources	1,859	(1,859)	-	-	-
Net change in fund balances	6,745	2,637	(7,984)	251	1,649
Fund balances - beginning	377,264	3,428	30,305	9,820	420,817
Fund balances - ending	\$ 384,009	\$ 6,065	\$ 22,321	\$ 10,071	\$ 422,466

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

Net change in fund balances	\$	1,649
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Prior year revenues that were deferred in the governmental funds because they were not considered "available" have now been recognized as revenue in the governmental funds.</p>		(9,049)
		(9,049)
Changes in net assets of governmental activities	\$	(7,400)

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 June 30, 2012

		Enterprise Fund
	ASSETS	<u>Workshops</u>
Current assets:		
Cash and cash equivalents		\$ 2,026
		<u><u>2,026</u></u>
	NET ASSETS	
Unrestricted		\$ 2,026
		<u><u>2,026</u></u>

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Year Ended June 30, 2012

	Enterprise Fund
	Workshops
OPERATING REVENUES:	
Charges for services	\$ 11,905
Total operating revenues	11,905
 OPERATING EXPENSES:	
Purchased services	210
Supplies and materials	9,669
Total operating expenses	9,879
Change in net assets	2,026
 NET ASSETS - BEGINNING OF YEAR	 -
 NET ASSETS - END OF YEAR	 \$ 2,026

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2012

	Enterprise Fund
	Workshops
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 11,905
Payments to suppliers and providers of goods and services	(9,879)
Net cash provided by (used for) operating activities	2,026
Net increase (decrease) in cash and cash equivalents	2,026
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,026
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income (loss)	\$ 2,026
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 2,026

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 1,582</u>
Total Assets	<u><u>\$ 1,582</u></u>
LIABILITIES	
Due to others	<u>\$ 1,582</u>
Total Liabilities	<u><u>\$ 1,582</u></u>

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Marshall, Putnam and Woodford Counties Regional Office of Education #43 (ROE) conform to accounting principles generally accepted in the United States of America for governmental entities. The following is a summary of the significant accounting policies.

The ROE was created by Illinois Public Act 88-89, as amended. The ROE operates under the School Code (105 ILCS 5/3 and 5/3A). The ROE encompasses Marshall, Putnam, and Woodford Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer of the ROE and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

The Regional Superintendent is responsible for supervision and control of school districts within Marshall, Putnam and Woodford Counties. This includes all aspects of supervision, reports and financial accounting of districts which are considered by state law to be in the Service Region. In addition, the Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to state controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in Marshall, Putnam and Woodford Counties; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

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

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in Marshall, Putnam and Woodford Counties 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.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the period ended June 30, 2012, Marshall, Putnam and Woodford Counties Regional Office of Education #43 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 Marshall, Putnam and Woodford Counties. Such activities are reported as a single special revenue fund (Education Fund).

REPORTING ENTITY

The ROE's reporting entity includes all related organizations for which it exercises oversight responsibility.

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

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

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government.

The Statement of Net Assets presents the Marshall, Putnam and Woodford Counties Regional Office of Education #43 nonfiduciary assets and liabilities, with the difference reported as 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 to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The statements are separated by governmental and business-type activities. The only business-type activity for the ROE is the Workshops Fund, which accounts for fees that are charged for the development of staff for educators in central Illinois.

Fund Financial Statements – The accounts of the ROE are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of its assets, liabilities, fund balance, revenues, and expenditures. The ROE's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds.

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the ROE are financed. The acquisition, use, and balances of the ROE's expendable financial resources and the related current liabilities are accounted for through Governmental Funds. The ROE's major Governmental Funds include the following:

General Fund – The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for and reported in another fund. The General Fund accounts for the ROE's on-behalf payments from the State of Illinois and the counties to pay the salary and benefits of the Regional Superintendent, Assistant Regional Superintendent and clerical staff. The General Fund is always considered a major fund. General Funds include the following:

Regional Safe Schools – General State Aid – Funds for programs to increase safety and promote the learning environment in schools. The school was designed to meet the educational needs of multiple suspended or expelled students in an alternative educational environment. Monies received are used in payment of expenditures for the school and also the general operations of the ROE.

ROE #43 Fund – This fund accounts for monies received for and in payment of expenditures in connection with general administrative activities.

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

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Education Fund – The Education 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:

Title II Teacher Quality Leadership – To account for grant monies received for and in payment of expenditures for activities that aim to increase student academic achievement through strategies such as improving teacher and principal quality; increasing the number of highly qualified teachers, principals, and assistant principals in the schools; and holding local educational agencies and schools accountable for improvements in student academic achievement.

Alternative Hot Lunch – The program accounts for lunch funds administered by the ROE for the Regional Safe School Program. Revenue is provided by federal and State of Illinois grant funds and local sources.

McKinney Education for Homeless Children – The Homeless Youth Connection provides services for the educational needs of homeless PK-12 students in Marshall, Putnam and Woodford counties. The goal of the program is to ensure that homeless students receive the services they need to attend school on a regular basis despite being homeless.

Principal Mentoring – The program provides support and learning opportunities for new principals to transition into effective educational leaders as state funding allows.

ROE/ISC Operations – Monies are expended to conduct professional development programs.

Rural Education Achievement Program – Designed to help rural districts that may lack the personnel and resources to compete effectively for Federal competitive grants and often receive grant allocations in amounts that are too small to be effective in meeting their intended purposes.

Institute – To account for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Non-Major Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. The ROE's non-major special revenue funds include the following:

Bus Driver Training – To account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

General Education Development (GED) – To account for the revenues and expenditures associated with the processing of applications for the high school level GED test and the issuance of diplomas upon successful completion of the examination.

Proprietary Fund Types

Enterprise Fund – Used to account for resources from fees charged directly to those entities or individuals that use the services of the ROE. This consists mainly of monies received for, and payment of, expenditures for workshops and other services for the school districts. The ROE's enterprise funds include the following:

Workshops – This fund accounts for revenues and expenditures associated with additional training to meet the needs and interests of teachers, administrators, and other school personnel.

Fiduciary Fund Types

Agency Fund – Used to account for assets held by the ROE in a trustee capacity or as an agent for individuals and private or governmental organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ROE has the following Agency Funds:

Regional Trustees Fund – This fund accounts for taxpayer deposits used to cover costs of redistricting hearings.

Jamboree Fund – This fund accounts for monies that are received to cover costs of a teen conference for freshman students in Woodford County.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accounting records are maintained on the cash basis of accounting. Under this method, revenue is recorded when collected and expenditures are recorded when disbursements are made. The financial statements of the Marshall, Putnam and Woodford Counties Regional Office of Education #43 are prepared by making memorandum adjusting entries to the cash basis financial records.

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 provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the ROE considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues received more than sixty 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 under the modified accrual basis of accounting when the related fund liability is incurred.

Under the terms of grant agreements, Marshall, Putnam and Woodford Counties Regional Office of Education #43 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 sources available to finance the program. It is the Marshall, Putnam and Woodford Counties Regional Office of Education #43's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency's enterprise fund is charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance – the portion of a Governmental Fund’s net assets that are subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: Alternative Hot Lunch and Principal Mentoring. The following funds are restricted by Illinois Statute: Bus Driver Training, General Education Development, and Institute.

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

Assigned Fund Balance – the portion of a Governmental Fund’s net assets to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The account presenting an assigned fund balance is Regional Safe Schools – General State Aid.

Unassigned Fund Balance – available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance consists of the ROE #43 Fund.

NET ASSETS

Equity is classified as net assets. Net assets represent the difference between assets and liabilities and is displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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, net of related debt.”

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in fund balance during the reporting period. Actual results could differ from those estimates.

BUDGETS

The ROE does not adopt a formal budget for all revenues and expenditures of the governmental funds and is not legally required to do so. The Regional Office of Education Funds are controlled by the Regional Superintendent of Education and the State of Illinois. Certain programs administered by the ROE are subject to budget approval by the State of Illinois. The actual to budget comparisons are prepared on the modified accrual basis of accounting. The following accounts/funds prepare budgets:

General Funds:

Regional Safe Schools – General State Aid

Educational Grants:

McKinney Education for Homeless Children

ROE/ISC Operations

TEACHER CERTIFICATION

Teacher certification revenues are recognized over a five year period when applicable.

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the ROE receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the ROE must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the ROE on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide Statement of Net Assets. Purchases of equipment are recorded as capital outlay expenditures of the various funds. All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. The ROE capitalizes items costing \$5,000 or more. As of June 30, 2012, there were no items costing \$5,000 or more.

DEFERRED REVENUES

The ROE reports unearned deferred revenue in the governmental fund Balance Sheet. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

INVESTMENTS AND CASH ACCOUNTS

State regulations require that the ROE deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize the ROE to make deposits or invest in obligation of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

REVENUES FROM FEDERAL AND STATE GRANTS

Revenues from federal and state grant awards are recorded net of the amount due to the State for the unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the state or carried over to the following year project are recorded as liabilities.

DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units is reported at gross with no allowance for uncollectibles since management feels the amount of any uncollectible accounts is immaterial.

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds and are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING STANDARDS

In fiscal year 2012, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53*. The ROE implemented these standards during the current year; however, they had no impact on the financial statements.

2. INTERGOVERNMENTAL AGREEMENT

On July 1, 1998, the ROE entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110.

The name of the Educational Service Delivery System formed is known as the LaSalle County – Marshall, Putnam, Woodford County Service Delivery System. The LaSalle County Regional Office of Education was designated as Administrative Agent for ROE Services. The following grants of Marshall/Putnam/Woodford Counties Regional Office of Education #43 were assigned to the LaSalle County – Putnam, Marshall, Woodford County Service Delivery System: Illinois Administrators' Academy, ROE Operations, Internal Review, Truants Alternative Program, RESPRO and Learning Technology Center.

3. CASH

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

At June 30, 2012, the carrying amount of the ROE's various bank deposits totaled \$448,223 and the bank balances totaled \$455,666. Included in the bank balance is \$23,629 deposited in the Illinois Funds. The Illinois Funds portfolio includes: certificates of deposit issued by Illinois financial institutions, repurchase agreements backed by direct treasury obligations from primary government securities dealers, direct treasury obligations of the U.S. Government, and money market funds backed by full faith and credit obligations of the U.S. Government. The ROE owns no identifiable investment securities in the Illinois Funds; therefore, credit risk cannot be assessed for the Illinois Funds.

Custodial credit risk is the risk that in the event of a bank failure, the ROE's deposits may not be returned to it. The ROE has a deposit policy for custodial credit risk. As of June 30, 2012, all of the deposits made by the ROE were covered by the Federal Depository Insurance Corporation (FDIC).

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

4. RECEIVABLES/PAYABLES

Receivables for the Marshall, Putnam and Woodford Counties ROE #43 at June 30, 2012, are as follows:

	Due from Other Governmental Units	Other	Total
Governmental activities:			
General	\$ 21,036	\$ -	\$ 21,036
Education	1,891	-	1,891
Total governmental activities	\$ 22,927	\$ -	\$ 22,927

Payables for the Marshall, Putnam and Woodford Counties ROE #43 at June 30, 2012, are as follows:

	Due to Other Governmental Units	Other	Total
Governmental activities:			
General	\$ -	\$ 9,505	\$ 9,505
Institute	566	-	566
Total governmental activities	\$ 566	\$ 9,505	\$ 10,071

5. DUE TO/FROM OTHER GOVERNMENTS

The Marshall, Putnam and Woodford Counties Regional Office of Education #43's governmental activities have amounts due to and due from various other governmental units which consist of the following:

Due From Other Governmental Units:

Illinois State Board of Education	\$ 21,068
U.S. Department Of Education	1,859
	\$ 22,927

Due To Other Governmental Units:

Illinois State Board of Education	\$ 566
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MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

6. INTERFUND TRANSACTIONS

DUE TO/FROM OTHER FUNDS

The Marshall, Putnam and Woodford Counties ROE #43 had the following due to/from other fund balances for the year ended June 30, 2012 due to one fund loaning monies to another fund.

	Due from	Due to
General Fund:		
Regional Safe Schools - General State Aid	\$ 1,859	\$ -
Education Fund:		
Rural Education Achievement Program	-	1,859
Total	\$ 1,859	\$ 1,859

INTERFUND TRANSFERS

During the year ended June 30, 2012, the ROE made transfers between funds to help cover costs of other funds. The amounts transferred between accounts are shown as transfers in the Statement of Revenues, Expenditures, and Changes in Fund Balance. The detail of interfund transfers for the year ended June 30, 2012 is as follows:

	Transfers in	Transfers out
General Fund:		
Regional Safe Schools - General State Aid	\$ 1,859	\$ -
Education Fund:		
Rural Education Achievement Program	-	1,859
Total	\$ 1,859	\$ 1,859

7. RETIREMENT PLANS

All certified personnel participate in the Teachers' Retirement System of the State of Illinois (TRS).

TRS Plan Description

The ROE (employer) 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.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains 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 January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

The State of Illinois makes contributions directly to TRS on behalf of the ROE's TRS-covered employees.

- On-behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the ROE. 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 ROE recognized revenue and expenditures of \$85,992 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 (\$76,089) and 23.38 percent (\$77,102), respectively.

The ROE 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 \$900. Contributions for the years ending June 30, 2011 and June 30, 2010, were \$849 and \$850, respectively.
- Federal and Special Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. For the years ended June 30, 2011 and June 30, 2010, required ROE contributions were \$0 and \$0, respectively.

- Early Retirement Option (ERO). The ROE 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 ROE paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2011 and June 30, 2010, the ROE made no payments under the ERO.

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

For the year ended June 30, 2012, the ROE paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2011 and June 30, 2010, the ROE paid \$-0- and \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

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

For the year ended June 30, 2012, the ROE paid \$-0- to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2011 and June 30, 2010, the ROE paid \$-0- and \$-0- in employer contributions granted for sick leave days, respectively.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

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

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, 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>.

8. OTHER POSTEMPLOYMENT BENEFITS

Teacher Health Insurance Security Fund

The ROE (employer) 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.

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

- On behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. 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 \$1,364 and the ROE recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of ROE employees were \$1,286 and \$1,231, respectively.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

OTHER POSTEMPLOYMENT BENEFITS (Continued)

Teacher Health Insurance Security Fund (Continued)

- Employer contributions to THIS Fund. The ROE 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 ROE paid \$1,023 to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the ROE paid \$965 and \$923 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

9. ON-BEHALF PAYMENTS AND RELATED PARTY TRANSACTIONS

The State of Illinois makes employer pension contributions and employer retiree health insurance contributions on behalf of the ROE. The salaries, fringe benefits, and TRS contributions of the Regional Superintendent and the Assistant Superintendent are paid by the State of Illinois. The following salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education.

TRS pension contributions (for all eligible employees)	\$ 85,992
THIS contributions (for all eligible employees)	1,364
Regional Superintendent – salary	100,128
Regional Superintendent – benefits (includes State paid insurance)	14,702
Assistant Regional Superintendent – salary	90,120
Assistant Regional Superintendent – benefits (includes State paid insurance)	<u>14,097</u>
Total	\$ <u>306,403</u>

The following salaries and benefits data for other employees of the ROE was calculated based on data provided by Woodford County:

Salaries	\$ 40,946
Benefits	<u>6,581</u>
Total	\$ <u>47,527</u>

10. OPERATING LEASE

The ROE has entered into a lease agreement for the use of office space and classrooms for the Regional Safe Schools Program. The lease is renewed annually. The rent paid during the fiscal year ended June 30, 2012 was \$18,900.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

11. OTHER DISCLOSURES

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds (which are presented only in combination on the financial statements). Funds having deficit fund balances and funds which overextended appropriations during the year are required to be disclosed.

- A. There were no funds/accounts with a deficit fund balance at June 30, 2012.
- B. The following fund had an excess of actual expenditures over budget for the year ended June 30, 2012.

Fund	Budget Amount	Expenditures	Unfavorable Variance
Regional Safe Schools - General State Aid	\$ 70,122	\$ 258,022	\$ 187,900

The Regional Safe Schools – General State Aid fund is reporting an over expenditure due to the actual amounts reflecting other federal, state, and local monies that are not subject to grant budget requirements.

SUPPLEMENTAL INFORMATION

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2012

ASSETS	Regional Safe Schools - General State Aid	ROE #43 Fund	Total
	State Aid	Fund	Total
ASSETS			
Cash and cash equivalents	\$ 369,654	\$ 965	\$ 370,619
Due from other funds	1,859	-	1,859
Due from other governmental units	21,036	-	21,036
 TOTAL ASSETS	 \$ 392,549	 \$ 965	 \$ 393,514
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accrued payroll	\$ 9,505	\$ -	\$ 9,505
Total Liabilities	9,505	-	9,505
 FUND BALANCE			
Assigned	383,044	-	383,044
Unassigned	-	965	965
Total Fund Balance	383,044	965	384,009
 TOTAL LIABILITIES AND FUND BALANCE	 \$	 \$ 965	 \$ 393,514

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2012

	Regional Safe Schools - General State Aid	ROE #43 Fund	Total
REVENUES			
Local sources	\$ 29,620	\$ 2,290	\$ 31,910
State sources	232,263	-	232,263
Interest	909	-	909
On-behalf payments	-	353,930	353,930
	<u>262,792</u>	<u>356,220</u>	<u>619,012</u>
Total revenues			
EXPENDITURES			
Salaries and benefits	215,033	-	215,033
Purchased services	38,537	2,138	40,675
Supplies and materials	4,452	36	4,488
On-behalf payments	-	353,930	353,930
	<u>258,022</u>	<u>356,104</u>	<u>614,126</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	4,770	116	4,886
OTHER FINANCING SOURCES (USES):			
Transfers in	1,859	-	1,859
	<u>1,859</u>	<u>-</u>	<u>1,859</u>
Total other financing sources and uses			
Net change in fund balances	6,629	116	6,745
FUND BALANCE AT BEGINNING OF YEAR			
	<u>376,415</u>	<u>849</u>	<u>377,264</u>
FUND BALANCE AT END OF YEAR			
	<u>\$ 383,044</u>	<u>\$ 965</u>	<u>\$ 384,009</u>

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNT
REGIONAL SAFE SCHOOLS - GENERAL STATE AID
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Local sources	\$ -	\$ -	\$ 29,620	\$ 29,620
State sources	70,122	70,122	232,263	162,141
Interest	-	-	909	909
Total revenues	<u>70,122</u>	<u>70,122</u>	<u>262,792</u>	<u>192,670</u>
EXPENDITURES				
Salaries and benefits	55,969	55,969	215,033	(159,064)
Purchased services	14,103	14,103	38,537	(24,434)
Supplies and materials	50	50	4,452	(4,402)
Total expenditures	<u>70,122</u>	<u>70,122</u>	<u>258,022</u>	<u>(187,900)</u>
Excess (deficiency) of revenue over exp	-	-	4,770	4,770
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,859	1,859
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>1,859</u>	<u>1,859</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	6,629	<u>\$ 6,629</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>376,415</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 383,044</u>	

NOTE: The budget amounts for Regional Safe Schools reflect only the amounts pertaining to the Regional Safe Schools Grant. The actual amounts reflect grant funds as well as other federal, state, and local monies which are not subject to grant budget requirements.

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2012

ASSETS	Title II Teacher Quality Leadership	Alternative Hot Lunch	McKinney Education for Homeless Children	Principal Mentoring
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,933	\$ -	\$ 2,100
Due from other governmental units	-	32	-	-
TOTAL ASSETS	\$ -	\$ 3,965	\$ -	\$ 2,100
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
FUND BALANCE				
Restricted	-	3,965	-	2,100
Total Fund Balance	-	3,965	-	2,100
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 3,965	\$ -	\$ 2,100

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2012

ASSETS	ROE/ISC Operations	Rural Education Achievement Program	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 6,033
Due from other governmental units	-	1,859	1,891
	-	1,859	1,891
 TOTAL ASSETS	\$ -	\$ 1,859	\$ 7,924
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to other funds	\$ -	\$ 1,859	\$ 1,859
Total Liabilities	-	1,859	1,859
 FUND BALANCE			
Restricted	-	-	6,065
Total Fund Balance	-	-	6,065
 TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 1,859	\$ 7,924

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2012

	Title II Teacher Quality Leadership	Alternative Hot Lunch	McKinney Education for Homeless Children	Principal Mentoring
REVENUES				
Local sources	\$ -	\$ 2,400	\$ -	\$ -
State sources	-	163	-	2,000
Federal sources	6,386	5,116	8,279	-
Interest	-	16	-	12
Total revenues	<u>6,386</u>	<u>7,695</u>	<u>8,279</u>	<u>2,012</u>
EXPENDITURES				
Salaries and benefits	-	-	760	-
Purchased services	-	7,375	1,767	3,083
Supplies and materials	-	-	2,041	2,998
Payments to other governments	-	-	3,711	-
Total expenditures	<u>-</u>	<u>7,375</u>	<u>8,279</u>	<u>6,081</u>
Excess (deficiency) of revenues over expenditures	6,386	320	-	(4,069)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,386	320	-	(4,069)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR				
	<u>(6,386)</u>	<u>3,645</u>	<u>-</u>	<u>6,169</u>
FUND BALANCE AT END OF YEAR				
	<u>\$ -</u>	<u>\$ 3,965</u>	<u>\$ -</u>	<u>\$ 2,100</u>

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2012

	ROE/ISC Operations	Rural Education Achievement Program	Total
REVENUES			
Local sources	\$ -	\$ -	\$ 2,400
State sources	26,055	-	28,218
Federal sources	-	19,232	39,013
Interest	-	-	28
	<u>26,055</u>	<u>19,232</u>	<u>69,659</u>
Total revenues	<u>26,055</u>	<u>19,232</u>	<u>69,659</u>
EXPENDITURES			
Salaries and benefits	-	-	760
Purchased services	-	17,373	29,598
Supplies and materials	-	-	5,039
Payments to other governments	26,055	-	29,766
	<u>26,055</u>	<u>17,373</u>	<u>65,163</u>
Total expenditures	<u>26,055</u>	<u>17,373</u>	<u>65,163</u>
Excess (deficiency) of revenues over expenditures	-	1,859	4,496
OTHER FINANCING SOURCES (USES):			
Transfers out	-	(1,859)	(1,859)
	<u>-</u>	<u>(1,859)</u>	<u>(1,859)</u>
Total other financing sources and uses	<u>-</u>	<u>(1,859)</u>	<u>(1,859)</u>
Net change in fund balances	-	-	2,637
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			
	<u>-</u>	<u>-</u>	<u>3,428</u>
FUND BALANCE AT END OF YEAR			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,065</u>

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
McKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 8,279	\$ 8,279	\$ 8,279	\$ -
Total revenues	<u>8,279</u>	<u>8,279</u>	<u>8,279</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	760	760	760	-
Purchased services	1,100	1,100	1,767	(667)
Supplies and materials	209	209	2,041	(1,832)
Payments to other governments	<u>6,210</u>	<u>6,210</u>	<u>3,711</u>	<u>2,499</u>
Total expenditures	<u>8,279</u>	<u>8,279</u>	<u>8,279</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 ROE/ISC OPERATIONS
 For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ 26,055	\$ 26,055	\$ 26,055	\$ -
Total revenues	<u>26,055</u>	<u>26,055</u>	<u>26,055</u>	<u>-</u>
EXPENDITURES				
Payments to other governments	<u>26,055</u>	<u>26,055</u>	<u>26,055</u>	<u>-</u>
Total expenditures	<u>26,055</u>	<u>26,055</u>	<u>26,055</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 June 30, 2012

	Bus Driver Training	General Education Development	Total
ASSETS			
Cash and cash equivalents	\$ 3,216	\$ 6,855	\$ 10,071
TOTAL ASSETS	\$ 3,216	\$ 6,855	\$ 10,071
LIABILITIES AND FUND BALANCE			
LIABILITIES	\$ -	\$ -	\$ -
FUND BALANCE			
Restricted	3,216	6,855	10,071
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,216	\$ 6,855	\$ 10,071

MARSHALL, PUTNAM AND WOODFORD COUNTIES
REGIONAL OFFICE OF EDUCATION #43
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2012

	Bus Driver Training	General Education Development	Total
REVENUES			
Local sources	\$ 1,110	\$ 1,556	\$ 2,666
State sources	663	-	663
Interest	-	34	34
	1,773	1,590	3,363
Total revenues	1,773	1,590	3,363
EXPENDITURES			
Purchased services	1,248	1,864	3,112
Total expenditures	1,248	1,864	3,112
Net change in fund balances	525	(274)	251
FUND BALANCE AT BEGINNING OF YEAR	2,691	7,129	9,820
FUND BALANCE AT END OF YEAR	\$ 3,216	\$ 6,855	\$ 10,071

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 June 30, 2012

	Regional Trustees Fund	Jamboree Fund	Total
ASSETS			
Cash and cash equivalents	\$ 210	\$ 1,372	\$ 1,582
Total Assets	\$ 210	\$ 1,372	\$ 1,582
LIABILITIES			
Due to others	\$ 210	\$ 1,372	\$ 1,582
Total Liabilities	\$ 210	\$ 1,372	\$ 1,582

MARSHALL, PUTNAM AND WOODFORD COUNTIES
 REGIONAL OFFICE OF EDUCATION #43
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2012

	Balance 7/1/2011	Additions	Deductions	Balance 6/30/2012
REGIONAL TRUSTEES FUND				
ASSETS				
Cash and cash equivalents	\$ 1,604	\$ 1,190	\$ 2,584	\$ 210
LIABILITIES				
Due to others	\$ 1,604	\$ 1,190	\$ 2,584	\$ 210
JAMBOREE FUND				
ASSETS				
Cash and cash equivalents	\$ 927	\$ 740	\$ 295	\$ 1,372
LIABILITIES				
Due to others	\$ 927	\$ 740	\$ 295	\$ 1,372
TOTALS AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,531	\$ 1,930	\$ 2,879	\$ 1,582
LIABILITIES				
Due to others	\$ 2,531	\$ 1,930	\$ 2,879	\$ 1,582