

**State of Illinois
CLAY/ CRAWFORD/JASPER
LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
FINANCIAL AUDIT
For the Year Ended June 30, 2012**

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
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 JUNE 30, 2012

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CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
JUNE 30, 2012

OFFICIALS

Regional Superintendent (Current and during the audit period)	Mr. Monte Newlin
Assistant Regional Superintendent (Current and during the audit period, Acting Effective June 18, 2012)	Mr. Corrie Ray
Assistant Regional Superintendent (During the Audit Period, Acting Effective February 16, 2012 through June 17, 2012)	Mr. Lyle (Bernie) Rusk
Assistant Regional Superintendent (During the Audit Period, Acting Effective) August 1, 2011 through February 15, 2012)	No Assistant Regional Superintendent
Assistant Regional Superintendent (During the Audit Period, Acting Effective July 1, 2011 through July 31, 2011)	Mr. Andy Julian

Offices are located at:

CLAY
P.O. Box 97
Louisville, IL 62858

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

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

LAWRENCE
1100 State St.
Lawrenceville, IL 62439

RICHLAND
103 W. Main
Olney, IL 62450

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
JUNE 30, 2012

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND RESPONSES

Item No. Page Description Finding Type

FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

None

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
JUNE 30, 2012

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

An informal exit conference was held on September 12, 2012. There were no audit findings to discuss. Attending were Monte Newlin, Regional Superintendent of Schools, Crystal Smith, Controller, and Tami Knight, Partner, Kemper CPA Group LLP.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
JUNE 30, 2012

FINANCIAL STATEMENT REPORT SUMMARY

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

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #12'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 Regional Office of Education #12, as of and for the year ended June 30, 2012, which collectively comprise the Regional Office of Education #12's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #12'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 Regional Office of Education #12, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2013 on our consideration of the Regional Office of Education #12's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 12a through 12g and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide an 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 Regional Office of Education #12's financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurer's and Other Entities – Distributive Fund are fairly stated in all material respects in relation to the financial statements taken as a whole.

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
January 14, 2013

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #12, as of and for the year ended June 30, 2012, which collectively comprise the Regional Office of Education #12's basic financial statements and have issued our report thereon dated January 14, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Regional Office of Education #12 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Regional Office of Education #12'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 Regional Office of Education #12's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #12's internal control over financial reporting.

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 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.

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

Compliance and Other Matters

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

We noted certain matters which we have reported to management of the Regional Office of Education #12 in a separate letter dated January 14, 2013.

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.

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
January 14, 2013

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 SCHEDULE OF FINDINGS AND RESPONSES
 JUNE 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
● Material weakness(es) identified?	N/A
● Significant deficiency(ies)?	N/A
Type of auditor's report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	N/A

Identification of **major** programs:

CFDA Number(s)	Name of Federal Program or Cluster
N/A	N/A

Dollar threshold used to distinguish between Type A and Type B programs:	N/A
Auditee qualified as a low-risk auditee?	N/A

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no audit findings for the year ended June 30, 2012.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2012

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
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There were no audit findings for the year ended June 30, 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

The Clay/Crawford/Jasper/Lawrence/Richland Counties Regional Office of Education #12 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2012 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$64,521 from \$1,374,552 in FY11 to \$1,310,031 in FY12. Revenues from local sources, state sources and on-behalf payments decreased. General Fund expenditures decreased by \$27,627 from \$1,099,651 in FY11 to \$1,072,024 in FY12. Salaries and benefits, purchased services, supplies and materials all increased while on-behalf payments decreased. The decrease in revenue and expenses for on-behalf payments decreased due to Regional Office not having a full-time Assistant Regional Superintendent for the majority of the year.
- Within the Governmental Funds, the Special Revenue Funds revenue decreased by \$472,374 from \$1,779,703 in FY11 to \$1,307,329 in FY12. Revenues from state and federal sources decreased. The Special Revenue Funds expenditures decreased by \$256,004 from \$1,581,049 in FY11 to \$1,325,045 in FY12. Expenditures for salaries and benefits, purchased services, supplies and materials all decreased in FY12

Using This Report

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Reporting the Regional Office as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

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

The Regional Office has three kinds of funds:

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Reporting the Regional Office as a Whole (Concluded)

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one indicator of the financial position of the Regional Office. The net assets at the end of FY12 totaled \$1,877,351. At the end of FY11, the net assets were \$1,651,054. The analysis that follows provides a summary of the Office's net assets at June 30, 2012 and 2011.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 1,835,930	\$ 1,601,267	\$ 47,362	\$ 51,335	\$ 1,883,292	\$ 1,652,602
Capital assets, net	48,442	42,992	-	-	48,442	42,992
Total assets	1,884,372	1,644,259	47,362	51,335	1,931,734	1,695,594
Current liabilities	52,931	44,449	1,452	91	54,383	44,540
Total liabilities	52,931	44,449	1,452	91	54,383	44,540
Net assets:						
Invested in capital assets	48,442	42,992	-	-	48,442	42,992
Restricted for educational purposes	81,411	94,110	-	-	81,411	94,110
Unrestricted	1,701,588	1,462,708	45,910	51,244	1,747,498	1,513,952
Total net assets	\$ 1,831,441	\$ 1,599,810	\$ 45,910	\$ 51,244	\$ 1,877,351	\$ 1,651,054

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2012

Government-Wide Financial Analysis (Concluded)

The Regional Office's net assets increased \$226,297 from FY11 to FY12. Governmental activities net assets increased by \$231,631. Business-type activities net assets decreased by \$5,334. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

The following analysis shows the changes in net assets for the years ended June 30, 2012 and 2011.

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 1,271,715	\$ 1,518,796	\$ -	\$ -	\$ 1,271,715	\$ 1,518,796
General revenues:						
Local sources	584,597	585,422	-	-	584,597	585,422
State sources	387,098	402,807	-	-	387,098	402,807
Federal sources	-	-	-	-	-	-
On-behalf payments	373,950	427,619	-	-	373,950	427,619
Loss on disposal of assets	(2,420)	-	-	-	(2,420)	-
Charges for services	-	-	80,739	39,429	80,739	39,429
Interest	5,890	9,762	5	4	5,895	9,766
Total revenues	<u>2,620,830</u>	<u>2,944,406</u>	<u>80,744</u>	<u>39,433</u>	<u>2,701,574</u>	<u>2,983,839</u>
Expenses:						
Programs expenses:						
Salaries and benefits	1,325,936	1,429,404	24,367	-	1,350,303	1,429,404
Purchased services	494,564	533,245	47,709	29,588	542,273	562,833
Supplies and materials	168,798	259,549	14,002	1,344	182,800	260,893
Other objects	4,796	5,344	-	12	4,796	5,356
Payments to other governments	-	20,000	-	-	-	20,000
Depreciation	21,155	22,723	-	-	21,155	22,723
Administrative expenses:						
On-behalf payments - state	373,950	427,619	-	-	373,950	427,619
Total expenses	<u>2,389,199</u>	<u>2,697,884</u>	<u>86,078</u>	<u>30,944</u>	<u>2,475,277</u>	<u>2,728,828</u>
Changes in net assets	231,631	246,522	(5,334)	8,489	226,297	255,011
Net assets, beginning of year	<u>1,599,810</u>	<u>1,353,288</u>	<u>51,244</u>	<u>42,755</u>	<u>1,651,054</u>	<u>1,396,043</u>
Net assets, end of year	<u>\$ 1,831,441</u>	<u>\$ 1,599,810</u>	<u>\$ 45,910</u>	<u>\$ 51,244</u>	<u>\$ 1,877,351</u>	<u>\$ 1,651,054</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Financial Analysis of the Regional Office of Education #12 Funds

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

The Regional Office's Governmental Funds reported combined fund balances of \$1,782,999 in FY12 and \$1,556,818 in FY11. The primary reason for the increase in combined fund balances in FY12 was due to the Regional Office's efforts to keep costs down. The Regional Office has tried to keep purchased services and salaries and benefits as low as possible while still providing necessary services to the public.

Governmental Fund Highlights

Revenues for governmental activities were \$2,620,830 and expenditures were \$2,389,199. The Regional Office experienced a decrease in revenues and expenditures during FY12.

Special Projects revenues decreased while expenditures increased in FY12.

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

Education Fund revenues decreased by \$462,704 from FY11. Total Education Fund expenditures decreased by \$249,172 during FY12. Salaries and benefits, purchased services, and supplies and materials all decreased.

Proprietary Fund Highlights

Revenues for proprietary activities were \$80,744 and expenses were \$86,078. Revenues and expenses from workshops increased during FY12 due to an increase in workshops being offered and more attendees.

Budgetary Highlights

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Capital Assets

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment and office furniture. The Regional Office maintains an inventory of capital assets that has accumulated over time. The increase for FY12 came as a result of purchasing new equipment items during the year. In addition, the Regional Office has adopted a depreciation schedule that reflects the level of capital assets, net of accumulated depreciation.

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation level used in the calculation of General State Aid remains at \$6,119 per student however only 89% of entitled funds will be paid out during FY13.
- FY13 funding for Technology for Success will be increased by 22.5%.
- FY13 funding for Early Childhood will be 92% of FY12 funding.
- FY13 funding for Truants Alternative/Optional Education will be 89% of FY12 funding.
- FY13 funding for Regional Safe Schools will be 79% of FY12 funding.
- The Regional Office anticipates the continued delay in grant funding payments from the State. This delay will continue to cause a significant financial hardship.

Contacting the Regional Office's Financial Management

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

BASIC FINANCIAL STATEMENTS

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,630,956	\$ 35,605	\$ 1,666,561
Due (to) from other funds	(11,169)	11,169	-
Due from other governments			
Local	2,797	588	3,385
State	180,876	-	180,876
Federal	26,401	-	26,401
Accounts receivable	6,069	-	6,069
Total current assets	<u>1,835,930</u>	<u>47,362</u>	<u>1,883,292</u>
Noncurrent assets:			
Capital assets, net	48,442	-	48,442
TOTAL ASSETS	<u>1,884,372</u>	<u>47,362</u>	<u>1,931,734</u>
LIABILITIES			
Current liabilities:			
Accounts payable	52,931	1,452	54,383
TOTAL LIABILITIES	<u>52,931</u>	<u>1,452</u>	<u>54,383</u>
NET ASSETS			
Invested in capital assets	48,442	-	48,442
Restricted for educational purposes	81,411	-	81,411
Unrestricted	1,701,588	45,910	1,747,498
TOTAL NET ASSETS	<u>\$ 1,831,441</u>	<u>\$ 45,910</u>	<u>\$ 1,877,351</u>

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

CLAY/CRAWFORD/JASPER/LA WRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 1,325,936	\$ -	\$ 826,170	\$ (499,766)	\$ -	\$ (499,766)
Purchased services	494,564	-	267,814	(226,750)	-	(226,750)
Supplies and materials	168,798	-	147,647	(21,151)	-	(21,151)
Other objects	4,796	-	1,059	(3,737)	-	(3,737)
Depreciation	21,155	-	-	(21,155)	-	(21,155)
Capital outlay	-	-	29,025	29,025	-	29,025
Administrative:						
On-behalf payments - State	373,950	-	-	(373,950)	-	(373,950)
Total governmental activities	<u>2,389,199</u>	<u>-</u>	<u>1,271,715</u>	<u>(1,117,484)</u>	<u>-</u>	<u>(1,117,484)</u>
Business-type activities:						
Operating	86,078	80,739	-	-	(5,339)	(5,339)
Total business-type activities	<u>86,078</u>	<u>80,739</u>	<u>-</u>	<u>-</u>	<u>(5,339)</u>	<u>(5,339)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,475,277</u>	<u>\$ 80,739</u>	<u>\$ 1,271,715</u>	<u>(1,117,484)</u>	<u>(5,339)</u>	<u>(1,122,823)</u>
GENERAL REVENUES						
Local sources				584,597	-	584,597
State sources				387,098	-	387,098
On-behalf payments - State				373,950	-	373,950
Loss on disposal of assets				(2,420)	-	(2,420)
Investment income				5,890	5	5,895
Total general revenues				<u>1,349,115</u>	<u>5</u>	<u>1,349,120</u>
CHANGE IN NET ASSETS				231,631	(5,334)	226,297
NET ASSETS - BEGINNING				<u>1,599,810</u>	<u>51,244</u>	<u>1,651,054</u>
NET ASSETS - ENDING				<u>\$ 1,831,441</u>	<u>\$ 45,910</u>	<u>\$ 1,877,351</u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,547,058	\$ 28,555	\$ 55,343	\$ -	\$ 1,630,956
Due from other funds	179,242	-	-	(179,242)	-
Due from other governments					
Local	2,673	-	124	-	2,797
State	-	180,876	-	-	180,876
Federal		26,401	-	-	26,401
Accounts receivable	5,993	76	-	-	6,069
TOTAL ASSETS	<u>\$ 1,734,966</u>	<u>\$ 235,908</u>	<u>\$ 55,467</u>	<u>\$ (179,242)</u>	<u>\$ 1,847,099</u>
LIABILITIES					
Accounts payable	\$ 37,029	\$ 15,755	\$ 147	\$ -	\$ 52,931
Due to other funds	1,500	188,911	-	(179,242)	11,169
Total liabilities	<u>38,529</u>	<u>204,666</u>	<u>147</u>	<u>(179,242)</u>	<u>64,100</u>
FUND BALANCE					
Restricted	-	26,091	55,320	-	81,411
Assigned	1,463,554	5,151	-	-	1,468,705
Unassigned	232,883	-	-	-	232,883
Total fund balance	<u>1,696,437</u>	<u>31,242</u>	<u>55,320</u>	<u>-</u>	<u>1,782,999</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,734,966</u>	<u>\$ 235,908</u>	<u>\$ 55,467</u>	<u>\$ (179,242)</u>	<u>\$ 1,847,099</u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2012

Total fund balances-governmental funds	\$ 1,782,999
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>48,442</u>
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Net assets of governmental activities	<u><u>\$ 1,831,441</u></u>
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The notes to the financial statements are an integral part of this statement.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 515,318	\$ 34,297	\$ 34,982	\$ 584,597
State sources	420,763	1,149,509	908	1,571,180
Federal sources	-	87,633	-	87,633
On-behalf payments - State	373,950	-	-	373,950
Total revenues	<u>1,310,031</u>	<u>1,271,439</u>	<u>35,890</u>	<u>2,617,360</u>
EXPENDITURES				
Instructional services:				
Salaries and benefits	461,836	826,170	37,930	1,325,936
Purchased services	213,153	267,814	13,597	494,564
Supplies and materials	17,257	147,647	3,894	168,798
Other objects	3,737	1,059	-	4,796
On-behalf payments - State	373,950	-	-	373,950
Capital outlay	2,091	26,934	-	29,025
Total expenditures	<u>1,072,024</u>	<u>1,269,624</u>	<u>55,421</u>	<u>2,397,069</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>238,007</u>	<u>1,815</u>	<u>(19,531)</u>	<u>220,291</u>
OTHER FINANCING SOURCES				
Interest	1,610	4,071	209	5,890
Total other financing sources	<u>1,610</u>	<u>4,071</u>	<u>209</u>	<u>5,890</u>
NET CHANGE IN FUND BALANCE	239,617	5,886	(19,322)	226,181
FUND BALANCE - BEGINNING	<u>1,456,820</u>	<u>25,356</u>	<u>74,642</u>	<u>1,556,818</u>
FUND BALANCE - ENDING	<u>\$ 1,696,437</u>	<u>\$ 31,242</u>	<u>\$ 55,320</u>	<u>\$ 1,782,999</u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances	\$	226,181
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$ 29,025	
Depreciation expense	<u>(21,155)</u>	7,870

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

(2,420)

Change in net assets of governmental activities	\$	<u><u>231,631</u></u>
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The notes to the financial statements are an integral part of this statement.

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

	Business - Type Activities - Enterprise Funds	
	Local	Total
ASSETS		
Cash and cash equivalents	\$ 35,605	\$ 35,605
Due from other governments		
Local	588	588
Due from other funds	11,169	11,169
TOTAL ASSETS	47,362	47,362
LIABILITIES		
Accounts payable	1,452	1,452
TOTAL LIABILITIES	1,452	1,452
NET ASSETS		
Unrestricted	45,910	45,910
TOTAL NET ASSETS	\$ 45,910	\$ 45,910

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Business - Type Activities - Enterprise Funds	
	Local	Total
OPERATING REVENUES		
Charges for services	\$ 80,739	\$ 80,739
Total operating revenues	80,739	80,739
OPERATING EXPENSES		
Salaries and benefits	24,367	24,367
Purchased services	47,709	47,709
Supplies and materials	14,002	14,002
Total operating expenses	86,078	86,078
OPERATING LOSS	(5,339)	(5,339)
NONOPERATING REVENUES		
Interest	5	5
Total nonoperating revenues	5	5
CHANGE IN NET ASSETS	(5,334)	(5,334)
TOTAL NET ASSETS - BEGINNING	51,244	51,244
TOTAL NET ASSETS - ENDING	\$ 45,910	\$ 45,910

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Business - Type Activities - Enterprise Funds	
	Local	Totals
Cash flows from operating activities:		
Receipts from customers	\$ 81,651	\$ 81,651
Payments to suppliers and providers of goods and services	(60,350)	(60,350)
Payments to employees	(24,367)	(24,367)
Net cash used for operating activities	(3,066)	(3,066)
Cash flows from investing activities:		
Interest	5	5
Net cash provided by investing activities	5	5
Cash flows from noncapital financing activities:		
Receipts for interfund borrowing, net	18,227	18,227
Net cash provided by noncapital financing activities	18,227	18,227
Net increase in cash and cash equivalents	15,166	15,166
Cash and cash equivalents - beginning	20,439	20,439
Cash and cash equivalents- ending	\$ 35,605	\$ 35,605
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (5,339)	\$ (5,339)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Change in assets and liabilities:		
Decrease in due from other governments	912	912
Increase in accounts payable	1,361	1,361
Net cash used for operating activities	\$ (3,066)	\$ (3,066)

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 14,429
Due from other governments	<u>367,271</u>
Total Assets	<u><u>\$ 381,700</u></u>
 LIABILITIES	
Accounts payable	\$ 2,504
Due to other governments	<u>379,196</u>
Total Liabilities	<u><u>\$ 381,700</u></u>

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2012, the Regional Office of Education #12 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*; and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The Regional Office of Education #12 implemented these standards during the current year; however, GASB Statement No. 64 had no impact on the financial statements. The implementation of GASB Statement No. 57 amends GASB Statement No. 45, permitting an agent employer with an OPEB plan with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through January 14, 2013, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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

For the period ended June 30, 2012, the Regional Office of Education #12 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #12. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

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

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

American Recovery and Reinvestment (ARRA) - Education Jobs - Accounts for the federal funding provided to LEAs to save or create education jobs for school years 2010-2012.

American Recovery and Reinvestment (ARRA) - Technology - Enhancing Education - Accounts for the federal funding provided to LEAs to save or create education jobs for school years 2011-2012.

Early Childhood Block Grant - To account for grant monies received to provide early childhood education to area three and four year old children.

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

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

FIDUCIARY FUNDS

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

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

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

PROPRIETARY FUND

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

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

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance - The portion of a governmental fund's net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. The Regional Office of Education #12 has no nonspendable fund balances.

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: Technology for Success. The following funds are restricted by Illinois Statute: General Education Development Fund, School Bus Transportation Fund, and the Institute Fund.

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

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

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of General Fund's Special Projects and Office funds.

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET ASSETS

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets are displayed in three components:

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

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

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

K. CASH AND CASH EQUIVALENTS

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

L. INVENTORY

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

M. CAPITAL ASSETS

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

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

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

N. COMPENSATED ABSENCES

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

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

O. ESTIMATES

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

P. BUDGET INFORMATION

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

NOTE 2 – CASH

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

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 – CASH (Continued)

A. DEPOSITS

At June 30, 2012, the carrying amount of the Regional Office of Education #12's government-wide and Agency fund deposits were \$1,666,561 and \$14,429 respectively, and the bank balances were \$1,744,591 and \$11,817, respectively. Of the total bank balances as of June 30, 2012, \$706,735 was secured by federal depository insurance, \$1,035,493 was collateralized by securities pledged by the Regional Office of Education #12's financial institution in the name of the Regional Office, and \$14,180 was invested in the Illinois Funds Money Market Fund.

CUSTODIAL CREDIT RISK

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

B. INVESTMENTS

The Regional Office of Education #12's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2012, the Regional Office of Education #12 had investments with carrying and fair values of \$14,180 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

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

INTEREST RATE RISK

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 – CASH (Concluded)

CONCENTRATION OF CREDIT RISK

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

NOTE 3 - DEFINED BENEFIT PENSION PLAN

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

Funding Policy. As set by statute, the Regional Office of Education #12's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 used by the employer was 9.38 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 18.04 percent. The Regional Office of Education #12 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For the fiscal year ending December 31, 2011, the Regional Office of Education #12's actual contributions for pension cost for the Regular plan members were \$77,591. The Regional Office of Education #12's required contribution for calendar year 2011 was \$77,593.

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 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	77,593	100%	2
12/31/10	71,918	100%	0
12/31/09	34,910	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of Regional Office of Education #12's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #12's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 83.40 percent funded. The actuarial accrued liability for benefits was \$2,402,447 and the actuarial value of assets was \$2,003,537, resulting in an underfunded actuarial accrued liability (UAAL) of \$398,910. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$430,117 and ratio of the UAAL to the covered payroll was 93 percent.

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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

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 Regional Office of Education #12's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #12. For the year ended June 30, 2012, the State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #12 recognized revenue and expenditures of \$200,626 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 (\$207,934) and 23.38 percent (\$222,105) respectively.

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

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2012 were \$3,829. Contributions for the years ending June 30, 2011, and June 30, 2010, were \$4,234 and \$4,552, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #12, there is a statutory requirement for the Regional Office of Education #12 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

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 2010, required Regional Office of Education #12 contributions were \$185 and \$-0-, respectively.

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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

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

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

For the year ended June 30, 2012, the Regional Office of Education #12 paid no contributions to the ERO program. For the years ended, June 30, 2011 and June 30, 2010, the Regional Office of Education #12 paid no employer ERO contributions.

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

For the year ended June 30, 2012, the Regional Office of Education #12 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2011 and 2010, the Regional Office of Education #12 paid no employer contributions due on salary increases in excess of 6 percent.

If the Regional Office of Education #12 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #12 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the Regional Office of Education #12 during the four-year sick leave review period, and the TRS total normal cost rate (17.83 of salary during the year ended June 30, 2012).

For the year ended June 30, 2012, the Regional Office of Education #12 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2011 and 2010, the Regional Office of Education #12 paid no employer contributions granted for sick leave days.

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

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REGIONAL OFFICE OF EDUCATION #12
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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

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

NOTE 5 - TEACHERS' HEALTH INSURANCE SYSTEM

The Regional Office of Education #12 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitant 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 year.

On behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$5,810, and the Regional Office of Education #12 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010, were 0.88 and 0.84 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #12 employees were \$6,422 and \$6,592, respectively.

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 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 5 - TEACHERS' HEALTH INSURANCE SYSTEM (Concluded)

Employer contributions to THIS Fund. The Regional Office of Education #12 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the Regional Office of Education #12 paid \$4,357, to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the Regional Office paid \$4,817 and \$4,944 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 6 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

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

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 179,242	\$ 1,500
Education Fund	-	188,911
Proprietary Fund	11,169	-
Total	<u>\$ 190,411</u>	<u>\$ 190,411</u>

TRANSFERS

There were no interfund transfers at June 30, 2012.

NOTE 7- RISK MANAGEMENT

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

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 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance 07/01/11	Additions	Disposals	Balance 06/30/12
Governmental Activities				
Capital Assets, being depreciated:				
Equipment and Furniture	\$ 329,471	\$ 29,025	\$ (83,538)	\$ 274,958
Less accumulated depreciation for:				
Equipment and Furniture	<u>(286,479)</u>	<u>(21,155)</u>	<u>81,118</u>	<u>(226,516)</u>
Governmental activities capital assets, net	<u>\$ 42,992</u>	<u>\$ 7,870</u>	<u>\$ (2,420)</u>	<u>\$ 48,442</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2012, of \$21,155 was charged to the governmental activities, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 9 – ON BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 100,128
Assistant Regional Superintendent Salary	45,058
Regional Superintendent Benefits (Includes State paid insurance)	20,194
Assistant Regional Superintendent Benefits (Includes State paid insurance)	2,134
TRS Pension Contribution	200,626
Teachers' Health Insurance System	<u>5,810</u>
	<u>\$ 373,950</u>

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

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 REGIONAL OFFICE OF EDUCATION #12
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 10 – DUE TO/FROM OTHER GOVERNMENTS

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

Due from Other Governments:

<u>General Fund</u>	
Local Governments	\$ 2,673
<u>Education Fund</u>	
Illinois State Board of Education	180,876
Other Regional Offices of Education	26,401
<u>Nonmajor Funds</u>	
Local Governments	124
<u>Proprietary Fund</u>	
Local Governments	588
<u>Agency Fund</u>	
Illinois State Board of Education	<u>367,271</u>
Total	<u>\$ 577,933</u>

Due to Other Governments:

<u>Agency Fund</u>	
Local Governments	<u>\$ 379,196</u>

NOTE 11 – EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST

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

Funding Policy. The Trust Agreement establishing the Trust provides that contribution rates are established and may be modified by the Board of Managers of the Trust. Contribution rates are normally adjusted as of September 1 each year. As of June 30, 2012, participating employers were contractually required to contribute at the following rates for active and retired employees and dependents.

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 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 11 – EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST (Concluded)

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

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

The Board of Managers of the Trust sets the employer contribution rates each year based on an actuarial valuation. The Trust's actuary has determined that as of June 30, 2012 the contribution rates exceed the Annual Required Contribution (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Regional Office of Education #12 contributions to the Trust for the years ending June 30, 2012, June 30, 2011, and June 30, 2010, were \$37,368, \$35,932, and \$34,806 respectively, which equaled the contractually required contributions each year.

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

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$ 2,003,537	\$ 2,402,447	\$ 398,910	83.40%	\$ 430,117	92.74%
12/31/10	1,994,656	2,409,447	414,791	82.78%	461,013	89.97%
12/31/09	1,870,862	2,275,284	404,422	82.23%	520,267	77.73%

On a market value basis, the actuarial value of the assets as of December 31, 2011 is \$1,911,887. On a market basis, the funded ratio would be 79.58%.

OTHER SUPPLEMENTAL INFORMATION

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2012

	General State Aid - Truant Alternative/ Optional Education	General State Aid - Regional Safe Schools	Special Projects	Office	Total
ASSETS					
Cash and cash equivalents	\$ 778,182	\$ 508,056	\$ 189,031	\$ 71,789	\$ 1,547,058
Due from other funds	164,887	12,855	1,500	-	179,242
Due from other governments					
Local	-	-	2,673	-	2,673
Accounts receivable	-	-	5,993	-	5,993
TOTAL ASSETS	<u>\$ 943,069</u>	<u>\$ 520,911</u>	<u>\$ 199,197</u>	<u>\$ 71,789</u>	<u>\$ 1,734,966</u>
LIABILITIES					
Accounts payable	\$ 406	\$ 20	\$ 35,499	\$ 1,104	\$ 37,029
Due to other funds	-	-	1,500	-	1,500
Total Liabilities	<u>406</u>	<u>20</u>	<u>36,999</u>	<u>1,104</u>	<u>38,529</u>
FUND BALANCE					
Assigned	942,663	520,891	-	-	1,463,554
Unassigned	-	-	162,198	70,685	232,883
Total Fund Balance	<u>942,663</u>	<u>520,891</u>	<u>162,198</u>	<u>70,685</u>	<u>1,696,437</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 943,069</u>	<u>\$ 520,911</u>	<u>\$ 199,197</u>	<u>\$ 71,789</u>	<u>\$ 1,734,966</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	General State Aid - Truant Alternative/ Optional Education	General State Aid - Regional Safe Schools	Special Projects	Office	Total
REVENUES					
Local sources	\$ -	\$ -	\$ 286,604	\$ 228,714	\$ 515,318
State sources	244,937	162,826	-	13,000	420,763
On-behalf payments - State	-	-	-	373,950	373,950
Total revenues	<u>244,937</u>	<u>162,826</u>	<u>286,604</u>	<u>615,664</u>	<u>1,310,031</u>
EXPENDITURES					
Salaries and benefits	51,607	63,588	132,697	213,944	461,836
Purchased services	40,277	4,097	143,908	24,871	213,153
Supplies and materials	13,240	48	3,197	772	17,257
Other objects	1,030	-	2,707	-	3,737
On-behalf payments - State	-	-	-	373,950	373,950
Capital outlay	1,146	-	-	945	2,091
Total expenditures	<u>107,300</u>	<u>67,733</u>	<u>282,509</u>	<u>614,482</u>	<u>1,072,024</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>137,637</u>	<u>95,093</u>	<u>4,095</u>	<u>1,182</u>	<u>238,007</u>
OTHER FINANCING SOURCES					
Interest	-	-	1,463	147	1,610
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,463</u>	<u>147</u>	<u>1,610</u>
NET CHANGE IN FUND BALANCE	137,637	95,093	5,558	1,329	239,617
FUND BALANCE - BEGINNING	<u>805,026</u>	<u>425,798</u>	<u>156,640</u>	<u>69,356</u>	<u>1,456,820</u>
FUND BALANCE - ENDING	<u>\$ 942,663</u>	<u>\$ 520,891</u>	<u>\$ 162,198</u>	<u>\$ 70,685</u>	<u>\$ 1,696,437</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2012

	ARRA - Education Jobs	ARRA- Technology - Enhancing Education	Early Childhood Block Grant	Early Childhood - Preschool For All	McKinney Education For Homeless Children	Regional Safe Schools
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments						
State	-	-	-	100,000	-	12,958
Federal	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 12,958</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103
Due to other funds	-	-	-	100,000	-	12,855
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>12,958</u>
FUND BALANCE						
Restricted	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 12,958</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2012

	ROE/ISC Operations	State and Federal Lunch and Breakfast	System of Support (RESPRO)	Technology for Success	Truants Alternative/ Optional Education	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ 2,464	\$ -	\$ 26,091	\$ -	\$ 28,555
Due from other governments						
State	-	171	-	-	67,747	180,876
Federal	-	-	26,401	-	-	26,401
Accounts receivable	-	76	-	-	-	76
TOTAL ASSETS	\$ -	\$ 2,711	\$ 26,401	\$ 26,091	\$ 67,747	\$ 235,908
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 15,232	\$ -	\$ 420	\$ 15,755
Due to other funds	-	-	11,169	-	64,887	188,911
Total liabilities	-	-	26,401	-	65,307	204,666
FUND BALANCE						
Restricted	-	-	-	26,091	-	26,091
Assigned	-	2,711	-	-	2,440	5,151
Total fund balance	-	2,711	-	26,091	2,440	31,242
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 2,711	\$ 26,401	\$ 26,091	\$ 67,747	\$ 235,908

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	ARRA - Education Jobs	ARRA- Technology - Enhancing Education	Early Childhood Block Grant	Early Childhood - Preschool For All	McKinney Education For Homeless Children	Regional Safe Schools
REVENUES						
Local sources	\$ -	\$ -	\$ 309	\$ -	\$ -	\$ 68
State sources	-	-	-	548,891	-	73,800
Federal sources	589	19,080	-	-	25,000	-
Total revenues	<u>589</u>	<u>19,080</u>	<u>309</u>	<u>548,891</u>	<u>25,000</u>	<u>73,868</u>
EXPENDITURES						
Salaries and benefits	589	-	-	287,494	20,653	65,590
Purchased services	-	1,217	-	144,899	2,394	7,227
Supplies and materials	-	4,986	-	107,357	1,953	2,628
Other objects	-	-	409	-	-	-
Capital outlay	-	12,877	-	9,141	-	-
Total expenditures	<u>589</u>	<u>19,080</u>	<u>409</u>	<u>548,891</u>	<u>25,000</u>	<u>75,445</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>(1,577)</u>
OTHER FINANCING SOURCES						
Interest income	-	-	-	-	-	1,528
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,528</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>(49)</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>49</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

	ROE/ISC Operations	State and Federal Lunch and Breakfast	System of Support (RESPRO)	Technology for Success	Truants Alternative/ Optional Education	Total
REVENUES						
Local sources	\$ -	\$ 6,360	\$ -	\$ 26,675	\$ 885	\$ 34,297
State sources	26,705	398	-	160,944	338,771	1,149,509
Federal sources	-	11,442	31,522	-	-	87,633
Total revenues	<u>26,705</u>	<u>18,200</u>	<u>31,522</u>	<u>187,619</u>	<u>339,656</u>	<u>1,271,439</u>
EXPENDITURES						
Salaries and benefits	24,013	-	11,514	108,723	307,594	826,170
Purchased services	2,244	14,927	17,648	45,374	31,884	267,814
Supplies and materials	448	564	2,360	22,180	5,171	147,647
Other objects	-	-	-	-	650	1,059
Capital outlay	-	-	-	4,916	-	26,934
Total expenditures	<u>26,705</u>	<u>15,491</u>	<u>31,522</u>	<u>181,193</u>	<u>345,299</u>	<u>1,269,624</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>2,709</u>	<u>-</u>	<u>6,426</u>	<u>(5,643)</u>	<u>1,815</u>
OTHER FINANCING SOURCES						
Interest income	-	2	-	197	2,344	4,071
Total Other Financing Sources (Uses)	<u>-</u>	<u>2</u>	<u>-</u>	<u>197</u>	<u>2,344</u>	<u>4,071</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>2,711</u>	<u>-</u>	<u>6,623</u>	<u>(3,299)</u>	<u>5,886</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,468</u>	<u>5,739</u>	<u>25,356</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 2,711</u>	<u>\$ -</u>	<u>\$ 26,091</u>	<u>\$ 2,440</u>	<u>\$ 31,242</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNT
EARLY CHILDHOOD - PRESCHOOL FOR ALL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 540,000	\$ 540,000	\$ 548,891
Total revenues	<u>540,000</u>	<u>540,000</u>	<u>548,891</u>
EXPENDITURES			
Salaries and benefits	284,176	277,376	287,494
Purchased services	168,477	143,927	144,899
Supplies and materials	85,347	110,697	107,357
Capital outlay	2,000	8,000	9,141
Total expenditures	<u>540,000</u>	<u>540,000</u>	<u>548,891</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of August 31, 2011 to September 30, 2012)
EDUCATION FUND ACCOUNT
ARRA-TECHNOLOGY - ENHANCING EDUCATION
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 19,080	\$ 19,080	\$ 19,080
Total revenues	<u>19,080</u>	<u>19,080</u>	<u>19,080</u>
EXPENDITURES			
Purchased services	2,040	2,040	1,217
Supplies and materials	4,283	4,283	4,986
Capital outlay	12,757	12,757	12,877
Total expenditures	<u>19,080</u>	<u>19,080</u>	<u>19,080</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to September 30, 2012)
EDUCATION FUND ACCOUNT
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Federal sources	\$ 25,000	\$ 25,000	\$ 25,000
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
EXPENDITURES			
Salaries and benefits	20,831	20,654	20,653
Purchased services	4,114	2,064	2,394
Supplies and materials	55	2,282	1,953
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 68
State sources	73,800	73,800	73,800
Total revenues	<u>73,800</u>	<u>73,800</u>	<u>73,868</u>
EXPENDITURES			
Salaries and benefits	65,657	65,657	65,590
Purchased services	7,343	7,343	7,227
Supplies and materials	800	800	2,628
Total expenditures	<u>73,800</u>	<u>73,800</u>	<u>75,445</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1,577)</u>
OTHER FINANCING SOURCES (USES)			
Interest	<u>-</u>	<u>-</u>	<u>1,528</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,528</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(49)</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>49</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 26,705	\$ 26,705	\$ 26,705
Total revenues	<u>26,705</u>	<u>26,705</u>	<u>26,705</u>
EXPENDITURES			
Salaries and benefits	23,857	23,857	24,013
Purchased services	1,948	1,948	2,244
Supplies and materials	900	900	448
Total expenditures	<u>26,705</u>	<u>26,705</u>	<u>26,705</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNT
TECHNOLOGY FOR SUCCESS
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 26,675
State sources	143,010	143,010	160,944
Total revenues	<u>143,010</u>	<u>143,010</u>	<u>187,619</u>
EXPENDITURES			
Salaries and benefits	106,687	91,820	108,723
Purchased services	36,323	46,323	45,374
Supplies and materials	-	1,166	22,180
Capital outlay	-	3,701	4,916
Total expenditures	<u>143,010</u>	<u>143,010</u>	<u>181,193</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>6,426</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	197
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>197</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>6,623</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>19,468</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,091</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local sources	\$ -	\$ -	\$ 885
State sources	338,771	338,771	338,771
Total revenues	<u>338,771</u>	<u>338,771</u>	<u>339,656</u>
EXPENDITURES			
Salaries and benefits	307,362	307,362	307,594
Purchased services	28,409	28,409	31,884
Supplies and materials	3,000	3,000	5,171
Other objects	-	-	650
Total expenditures	<u>338,771</u>	<u>338,771</u>	<u>345,299</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(5,643)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	2,344
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,344</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(3,299)</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>5,739</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,440</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2012

	General Education Development	School Bus Transportation	Institute	Total
ASSETS				
Cash and cash equivalents	\$ 1,481	\$ 1,212	\$ 52,650	\$ 55,343
Due from other governments				
Local	100	24	-	124
TOTAL ASSETS	<u>\$ 1,581</u>	<u>\$ 1,236</u>	<u>\$ 52,650</u>	<u>\$ 55,467</u>
LIABILITIES				
Accounts payable	\$ -	\$ 60	\$ 87	\$ 147
Total liabilities	<u>-</u>	<u>60</u>	<u>87</u>	<u>147</u>
FUND BALANCE				
Restricted	1,581	1,176	52,563	55,320
Total Fund Balance	<u>1,581</u>	<u>1,176</u>	<u>52,563</u>	<u>55,320</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,581</u>	<u>\$ 1,236</u>	<u>\$ 52,650</u>	<u>\$ 55,467</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	General Education Development	School Bus Transportation	Institute	Total
REVENUES				
Local sources	\$ 10,256	\$ 1,956	\$ 22,770	\$ 34,982
State sources	-	908	-	908
Total revenue	<u>10,256</u>	<u>2,864</u>	<u>22,770</u>	<u>35,890</u>
EXPENDITURES				
Salaries and benefits	6,409	-	31,521	37,930
Purchased services	1,528	2,230	9,839	13,597
Supplies and materials	2,618	-	1,276	3,894
Total expenditures	<u>10,555</u>	<u>2,230</u>	<u>42,636</u>	<u>55,421</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(299)</u>	<u>634</u>	<u>(19,866)</u>	<u>(19,531)</u>
OTHER FINANCING SOURCES				
Interest	<u>7</u>	<u>3</u>	<u>199</u>	<u>209</u>
Total Other Financing Sources	<u>7</u>	<u>3</u>	<u>199</u>	<u>209</u>
NET CHANGE IN FUND BALANCE				
	(292)	637	(19,667)	(19,322)
FUND BALANCE - BEGINNING				
	<u>1,873</u>	<u>539</u>	<u>72,230</u>	<u>74,642</u>
FUND BALANCE - ENDING				
	<u>\$ 1,581</u>	<u>\$ 1,176</u>	<u>\$ 52,563</u>	<u>\$ 55,320</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2012

	<u>Distributive Fund</u>	<u>Regional Board of Trustees</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 11,925	\$ 2,504	\$ 14,429
Due from other governments	<u>367,271</u>	<u>-</u>	<u>367,271</u>
TOTAL ASSETS	<u><u>\$ 379,196</u></u>	<u><u>\$ 2,504</u></u>	<u><u>\$ 381,700</u></u>
LIABILITIES			
Accounts payable	\$ -	\$ 2,504	\$ 2,504
Due to other governments	<u>379,196</u>	<u>-</u>	<u>379,196</u>
TOTAL LIABILITIES	<u><u>\$ 379,196</u></u>	<u><u>\$ 2,504</u></u>	<u><u>\$ 381,700</u></u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION #12
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>DISTRIBUTIVE</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 28,612	\$ 9,335,042	\$ 9,351,729	\$ 11,925
Due from other governments	5,335,065	367,271	5,335,065	367,271
Total assets	<u>\$ 5,363,677</u>	<u>\$ 9,702,313</u>	<u>\$ 14,686,794</u>	<u>\$ 379,196</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 5,363,677</u>	<u>\$ 9,702,313</u>	<u>\$ 14,686,794</u>	<u>\$ 379,196</u>
Total liabilities	<u>\$ 5,363,677</u>	<u>\$ 9,702,313</u>	<u>\$ 14,686,794</u>	<u>\$ 379,196</u>
<u>REGIONAL BOARD OF TRUSTEES</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 677	\$ 3,276	\$ 1,449	\$ 2,504
Total assets	<u>\$ 677</u>	<u>\$ 3,276</u>	<u>\$ 1,449</u>	<u>\$ 2,504</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 677	\$ 3,276	\$ 1,449	\$ 2,504
Total liabilities	<u>\$ 677</u>	<u>\$ 3,276</u>	<u>\$ 1,449</u>	<u>\$ 2,504</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 29,289	\$ 9,338,318	\$ 9,353,178	\$ 14,429
Due from other governments	5,335,065	367,271	5,335,065	367,271
Total assets	<u>\$ 5,364,354</u>	<u>\$ 9,705,589</u>	<u>\$ 14,688,243</u>	<u>\$ 381,700</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 677	\$ 3,276	\$ 1,449	\$ 2,504
Due to other governments	5,363,677	9,702,313	14,686,794	379,196
Total liabilities	<u>\$ 5,364,354</u>	<u>\$ 9,705,589</u>	<u>\$ 14,688,243</u>	<u>\$ 381,700</u>

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Clay City Community Unit #10	North Clay Community Unit #25	Flora Community Unit #35	Hutsonville Community Unit #1	Robinson Community Unit #2	Palestine Community Unit #3	Oblong Community Unit #4	Jasper County Community Unit #1
General State Aid	\$ -	\$ -	\$ -	\$ 1,291,570	\$ -	\$ 364,327	\$ 117,853	\$ -
Reorganization Incentive - Feasibility Study	-	-	-	-	-	-	-	-
Special Ed - Private Facility Tuition	-	-	2,441	8,516	785	-	-	6,096
Special Ed - Extraordinary	24,349	49,663	100,683	54,846	117,544	39,901	45,739	103,203
Special Ed - Personnel	42,740	38,195	105,611	67,682	110,593	38,746	57,254	103,932
Special Ed - Orphanage - Individual	-	7,206	-	-	6,288	-	-	-
Vocational Ed - Secondary Prog Improvement	-	-	-	-	-	-	-	-
Vocational Ed - Agriculture Education	-	-	-	-	-	-	-	-
State Free Lunch and Breakfast	243	567	6,116	3,428	6,906	595	1,024	3,282
Driver Education	-	-	-	2,472	-	2,306	-	-
Transportation - Regular and Vocational	36,175	102,400	127,028	142,111	179,647	49,698	76,522	223,357
Transportation - Special Education	19,447	29,932	83,628	58,454	96,384	67,608	60,040	167,315
ROE School Bus Driver Training	-	-	-	-	-	-	-	-
National Board Certification	-	-	-	-	6,655	739	739	-
Truants Alternative/Optional Education	-	-	-	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-	-	-	-
Early Childhood - Block Grant	64,064	81,586	134,575	185,595	149,870	51,609	69,075	56,326
ROE/ISC Operations	-	-	-	-	-	-	-	-
Technology - Learning Technology Centers	-	-	-	-	-	-	-	-
Children's Mental Health	-	-	-	-	-	-	-	-
National School Lunch Program	-	-	-	78,872	-	2,018	-	-
School Breakfast Program	-	-	-	34,295	-	481	-	-
Title I - Low Income	-	2,257	-	97,793	-	4,799	-	-
Title IV - Safe and Drug Free Sch - Formula	-	-	-	-	-	-	111	-
Federal - Special Ed - IDEA - Room and Board	-	-	-	43	8,986	-	-	-
V.E. - Perkins - Title IIC - Secondary	-	-	-	-	-	-	-	-
ARRA Title I	-	-	-	-	1,000	-	-	-
ARRA-Technology-Enhancing Education	-	-	-	-	-	-	-	-
ARRA Education Jobs	-	-	-	1,951	-	-	-	-
Title II - Teacher Quality	-	-	-	22,665	6,611	-	4,617	-
Title II - Leadership	-	-	-	-	-	-	-	-
TOTAL	\$ 187,018	\$ 311,806	\$ 560,082	\$ 2,050,293	\$ 691,269	\$ 622,827	\$ 432,974	\$ 663,511

CLAY/CRAWFORD/JASPER/LAWRENCE/RICHLAND COUNTIES
 REGIONAL OFFICE OF EDUCATION #12
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Lawrence County Community Unit #20	East Richland Community Unit #1	West Richland Community Unit #2	Twin Rivers Regional Vocational System	Regional Office of Education #12	Clay-Jasper- Richland-N. Wayne Regional System	Total
General State Aid	\$ -	\$ -	\$ -	\$ -	\$ 407,763	\$ -	\$ 2,181,513
Reorganization Incentive - Feasibility Study	-	-	-	-	13,000	-	13,000
Special Ed - Private Facility Tuition	2,835	22,501	-	-	-	-	43,174
Special Ed - Extraordinary	91,397	151,895	26,724	-	-	-	805,944
Special Ed - Personnel	74,423	120,586	26,010	-	-	-	785,772
Special Ed - Orphanage - Individual	-	-	-	-	-	-	13,494
Vocational Ed - Secondary Prog Improvement	-	-	-	260,279	-	116,376	376,655
Vocational Ed - Agriculture Education	-	-	-	5,480	-	-	5,480
State Free Lunch and Breakfast	3,193	9,270	264	-	227	-	35,115
Driver Education	-	-	-	-	-	-	4,778
Transportation - Regular and Vocational	70,687	184,482	44,057	-	-	-	1,236,164
Transportation - Special Education	101,021	140,715	16,026	-	-	-	840,570
ROE School Bus Driver Training	-	-	-	-	908	-	908
National Board Certification	739	-	-	-	-	-	8,872
Truants Alternative/Optional Education	-	45,256	-	-	428,839	-	474,095
Regional Safe Schools	-	-	-	-	94,104	-	94,104
Early Childhood - Block Grant	96,954	147,556	49,812	-	661,610	-	1,748,632
ROE/ISC Operations	-	-	-	-	54,850	-	54,850
Technology - Learning Technology Centers	-	-	-	-	229,410	-	229,410
Children's Mental Health	31,513	-	-	-	-	-	31,513
National School Lunch Program	-	-	-	-	10,260	-	91,150
School Breakfast Program	-	-	-	-	1,182	-	35,958
Title I - Low Income	-	-	-	-	-	-	104,849
Title IV - Safe and Drug Free Sch - Formula	-	-	-	-	-	-	111
Federal - Special Ed - IDEA - Room and Board	-	-	-	-	-	-	9,029
V.E. - Perkins - Title IIC - Secondary	-	-	-	60,223	-	-	60,223
ARRA Title I	-	-	-	-	-	-	1,000
ARRA-Technology-Enhancing Education	-	-	-	-	19,080	-	19,080
ARRA Education Jobs	-	-	-	-	589	-	2,540
Title II - Teacher Quality	1,991	-	-	-	-	-	35,884
Title II - Leadership	-	-	-	-	7,862	-	7,862
TOTAL	\$ 474,753	\$ 822,261	\$ 162,893	\$ 325,982	\$ 1,929,684	\$ 116,376	\$ 9,351,729