

State of Illinois
EDWARDS, HARDIN, GALLATIN, POPE, SALINE,
WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
FINANCIAL AUDIT
For the Year Ended June 30, 2012

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
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EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
OFFICIALS

Regional Superintendent
(Current and during the Audit Period)

Mr. Lawrence Fillingim

Assistant Regional Superintendent
(During Audit Period, Acting Effective July 1, 2011
through November 15, 2011)

Mr. Kent Wheeler

Assistant Regional Superintendent
(Current and during Audit Period, Acting Effective
November 16, 2011 through May 15, 2012)

Mr. James Taylor

Assistant Regional Superintendent
(During Audit Period, Acting Effective May 16, 2012
through June 30, 2012)

Mr. Ronald Talley

Offices are located at:

512 N. Main Street
Harrisburg, IL 62946

930 Market Street
Mount Carmel, IL 62863

Wayne County Courthouse
Fairfield, IL 62837

307 E. Cherry Street
Carmi, IL 62821

500 E. Main Street
Albion, IL 62806

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
FINANCIAL REPORT SUMMARY

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

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

| <u>Number of</u> | <u>This Audit</u> | <u>Prior Audit</u> |
|--|-------------------|--------------------|
| Audit findings | 3 | 3 |
| Repeated audit findings | 2 | 1 |
| Prior recommendations implemented or not repeated | 1 | 1 |

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

SUMMARY OF FINDINGS AND RESPONSES

| <u>Item No.</u> | <u>Page</u> | <u>Description</u> | <u>Finding Type</u> |
|--|-------------|--|---------------------------------------|
| FINDINGS (GOVERNMENT AUDITING STANDARDS) | | | |
| 12-1 | 10a | Inadequate Internal Controls Over Financial Processes | Material Weakness |
| 12-2 | 10b | Controls Over Financial Statement Preparation | Material Weakness |
| 12-3 | 10d | Controls Over Disbursements | Significant Deficiency/ Compliance |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
FINANCIAL REPORT SUMMARY

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

11-3 12 Inadequate Internal Controls Over Compliance

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

11-3 12 Inadequate Internal Controls Over Compliance

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on October 4, 2012. Attending were Larry Fillingim, Regional Superintendent, and Michelle D. Smith, Partner, Kemper CPA Group, LLP. Responses to the recommendations were provided by Larry Fillingim, Regional Superintendent on December 19, 2012.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
FINANCIAL REPORT SUMMARY

The audit of the accompanying basic financial statements of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2012, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, 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 April 26, 2013, on our consideration of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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, Illinois Municipal Retirement Fund Schedule of Funding Progress, and Post Employment Benefits Other than Pensions Schedule of Funding Progress on pages 13a-13h, 49, and 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's financial statements. The combining and individual nonmajor fund financial statements, and budgetary comparison schedules, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and budgetary comparison schedules, 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

Evansville, Indiana
April 26, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2012, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's basic financial statements and have issued our report thereon dated April 26, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 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 #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #20's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 12-1 and 12-2 in the accompanying Schedule of Findings and Responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in finding 12-3 in the accompanying Schedule of Findings and Responses to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 12-3.

We also noted certain matters which we have reported to management of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 in a separate letter dated April 26, 2013

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's responses and, accordingly, we express no opinion on the responses.

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

Evansville, Indiana
April 26, 2013

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 SCHEDULE OF FINDINGS AND RESPONSES
 FOR THE YEAR ENDED JUNE 30, 2012

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Federal Awards

| | |
|--|---|
| Internal control over major programs: | |
| ● Material weakness(es) identified? | N/A |
| ● Significant deficiency(ies) identified? | 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 Numbers | Name of Federal Program or Cluster |
| 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 |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 12-1– Inadequate Internal Control over Financial Processes (Partial Repeat of Finding 11-1)

Criteria/specific requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over payroll and general disbursement processes to prevent errors or fraud.

Condition:

We noted the following weaknesses in the Regional Office’s internal controls:

- The employee’s annual salary and benefits being paid did not match the salary approved by the Regional Superintendent in 5 out of 40 (12.5%) individuals tested.
- One instance in which an insurance expense appears to have been incorrectly paid to a vendor twice. The first payment had an appropriate vendor invoice attached to the purchase order however, the second payment had the formal quote showing the same insurance coverage, policy number and policy term dates as the vendor invoice that had already been paid.

Effect:

The Regional Office does not have adequate controls in place over disbursements. Unauthorized payroll and changes in payroll rates could result in employees receiving incorrect payment for their services. Duplicate payment of invoices could result in funding shortages for budgeted items.

Cause:

The Regional Office of Education #20 does not have proper internal control procedures over the payroll and general disbursement processes.

Recommendation:

The Regional Superintendent should authorize, by signature and date, all changes in salary. This can be accomplished with a new contract or a pay increase authorization signed by the Regional Superintendent. The document showing approval should be maintained in the personnel file.

The Regional Office of Education should follow its policy of only making payments from an appropriate vendor invoice and not from a statement or quote.

Management’s Response:

As of July 1, 2012, a salary and benefits statement for each employee has been approved, signed, and dated by the Regional Superintendent. This will reflect salaries and benefits for each employee, and any changes to an employee’s salary or compensation throughout the year will be reflected in a similar document.

Duplicate payment of this expense was an oversight. The Regional Office of Education will continue to follow its policy of only paying vendors once an appropriate vendor invoice has been received.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 12-2– Controls Over Financial Statement Preparation (Repeat of Finding 11-2)

Criteria/Specific Requirement:

The Regional Office of Education #20 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education #20 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, in our review of the Regional Office's accounting records, we noted the following:

- Numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.
- Receipts are not recorded as received, or periodically throughout the year; instead they are recorded subsequent to year end in preparation for the annual audit.
- The fixed asset listing incorrectly calculated beginning accumulated depreciation.

Effect:

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

Cause:

The Regional Office's bookkeeping staff does not enter receipts, receivables, payables, and fixed asset schedules until they prepare for the annual audit at year end which does not allow time for analysis and review before submission to auditors.

Recommendation:

As part of internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #20 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 12-2– Controls Over Financial Statement Preparation (Concluded)

Management’s Response:

The Regional Office of Education, as of July 1, 2012, is recording receipts when received, instead of recording them in preparation for the annual year end audit.

The Regional Office of Education has hired new fiscal staff as of August 1, 2012. It has also implemented new accounting software with proper training for its employees. With the combination of these two changes, the Regional Office of Education has addressed the issues of inadequate internal controls. These changes will help with the preparation of the financial statements on a timely basis.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 12-3– Controls over Disbursements

Criteria/specific requirement:

As per 105 ILCS 5/3-12, the Institute fund statute, all certificate registration fees and a portion of renewal and duplicate fees shall be kept by the regional superintendent and shall be deposited into the Institute fund for use by the regional superintendent: to defray expenses associated with the work of the regional professional development review committees established pursuant to paragraph (2) of subsection (g) of Section 21-14 of this Code to advise the regional superintendent, upon his or her request, and to hear appeals relating to the renewal of teaching certificates, in accordance with Section 21-14 of this Code; to defray expenses connected with improving the technology necessary for the efficient processing of certificates; to defray all costs associated with administration of certificates; to defray expenses incidental to teachers' institutes, workshops or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel of the region, which has been approved by the regional superintendent.

Condition:

We noted, in the testing of the Institute fund, one expenditure for the Regional Superintendent and two Assistant Regional Superintendents to attend a seminar on methods of instructing teachers to use iPad devices. This expenditure charged to the Institute fund also included the cost of purchasing each attendee an iPad device for each participant at a total cost of \$1,200.

Effect:

The Regional Office utilized the Institute fund to purchase iPads as part of attending this seminar. Since the iPads were not used to promote the professional growth of teachers, the iPads are not being utilized in a way that meets the definition of an allowable expense as described in the State statute.

Cause:

The Regional Office was unaware that this expenditure was not within the guidelines for an expenditure from the Institute fund.

Recommendation:

The Regional Superintendent should review the State statute and use the Institute fund for only those expenditures specifically identified as appropriate in the statute.

Management's Response:

The Regional Superintendent and the two Assistant Regional Superintendents have reviewed the State statute and updated their understandings of the use of the Institute fund for only expenditures that are specified in the statute as appropriate.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Corrective Action Plan

Finding No. 12-1– Inadequate Internal Control over Financial Processes (Partial Repeat of Finding 11-1)

Condition:

We noted the following weaknesses in the Regional Office’s internal controls:

- The employee’s annual salary and benefits being paid did not match the salary approved by the Regional Superintendent in 8 out of 40 (20%) individuals tested.
- One instance in which an insurance expense appears to have been incorrectly paid to a vendor twice. The first payment had an appropriate vendor invoice attached to the purchase order however, the second payment had the formal quote showing the same insurance coverage, policy number and policy term dates as the vendor invoice that had already been paid.

Plan:

As of July 1, 2012, a salary and benefits statement for each employee has been approved, signed, and dated by the Regional Superintendent. This will reflect salaries and benefits for each employee, and any changes to an employee’s salary or compensation throughout the year will be reflected in a similar document.

The Regional Office of Education will continue to follow its policy of only paying vendors once an appropriate vendor invoice has been received.

Anticipated Date of Completion:

As of July 1, 2012.

Name of Contact Person:

Honorable Larry Fillingim, Regional Superintendent of Schools

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Corrective Action Plan (Continued)

Finding No. 12-2– Controls Over Financial Statement Preparation (Repeat of Finding 11-2)

Condition:

The Regional Office of Education #20 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, in our review of the Regional Office's accounting records, we noted the following:

- Numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.
- Receipts are not recorded as received, or periodically throughout the year; instead they are recorded subsequent to year end in preparation for the annual audit.
- The fixed asset listing incorrectly calculated beginning accumulated depreciation.

Plan:

The Regional Office of Education, as of July 1, 2012, is recording receipts when received, instead of recording them in preparation for the annual year end audit.

The Regional Office of Education has hired new fiscal staff as of August 1, 2012. It has also implemented new accounting software with proper training for its employees. With the combination of these two changes, the Regional Office of Education has addressed the issues of inadequate internal controls. These changes will help with the preparation of the financial statements on a timely basis.

Anticipated Date of Completion:

As of July 1, 2012.

Name of Contact Person:

Honorable Larry Fillingim, Regional Superintendent of Schools

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Corrective Action Plan (Concluded)

Finding No. 12-3– Controls over Disbursements

Condition:

We noted, in the testing of the Institute fund, one expenditure for the Regional Superintendent and two Assistant Regional Superintendents to attend a seminar on methods of instructing teachers to use iPad devices. This expenditure charged to the Institute fund also included the cost of purchasing each attendee an iPad device for each participant at a cost of \$1,200.

Plan:

The Regional Superintendent and the two Assistant Regional Superintendents have reviewed the State statute and updated their understandings of the use of the Institute fund for only expenditures that are specified in the statute as appropriate.

Anticipated Date of Completion:

Immediately upon learning of oversight.

Name of Contact Person:

Honorable Larry Fillingim, Regional Superintendent of Schools

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

| <u>Finding No.</u> | <u>Condition</u> | <u>Current Status</u> |
|---------------------------|--|------------------------------------|
| 11-1 | Inadequate Internal Control over Financial Processes | Partially repeated as Finding 12-1 |
| 11-2 | Controls over Financial Statement Preparation | Partially repeated as Finding 12-2 |
| 11-3 | Inadequate Internal Controls Over Compliance | Corrected |

MANAGEMENT'S DISCUSSION AND ANALYSIS

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 (ROE #20) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2012 and 2011. We encourage readers to consider this information in conjunction with the ROE #20's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- General Fund revenues were \$1,137,003 in fiscal year 2011 and decreased to \$1,086,937 in fiscal year 2012, while General Fund expenditures were \$1,138,025 in fiscal year 2011 and increased to \$1,150,853 in fiscal year 2012.
- The decrease in General Fund revenues was attributable to a decrease in State revenue payments in fiscal year 2012. The increase in General Fund expenditures for fiscal year 2012 was due primarily to an increase in salaries and benefits, purchased services, and supplies and materials.
- Special revenue fund revenues were \$1,648,622 in fiscal year 2011 and decreased to \$1,343,741 in fiscal year 2012, while special revenue fund expenditures were \$1,597,842 in fiscal year 2011 and decreased to \$1,355,053 in fiscal year 2012.
- The decrease in Special revenue fund revenues from fiscal year 2011 to fiscal year 2012 occurred because of the decrease of State sources in the Education Fund. The decrease in Special revenue fund expenditures from fiscal year 2011 to fiscal year 2012 was due primarily to a decrease in Education Fund salaries and benefits, supplies and materials, and payments to other governments.
- Proprietary fund revenues were \$40,440 in fiscal year 2011 and decreased to \$32,801 in fiscal year 2012, while Proprietary fund expenditures were \$41,195 in fiscal year 2011 and decreased to \$23,034 in fiscal year 2012.
- The decrease in Proprietary fund revenues from fiscal year 2011 to fiscal year 2012 occurred because of the decrease in Local revenue sources (workshops). The decrease in Proprietary fund expenditures from fiscal year 2011 to fiscal year 2012 was due primarily to a decrease in salaries and benefits and a decrease in purchased services due to decreased workshops.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the ROE #20's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE #20 as a whole and present an overall view of the ROE #20's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the ROE #20's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary information further explains and supports the financial statements, and supplementary information provides detailed information about the non-major funds.

REPORTING THE REGIONAL OFFICE OF EDUCATION #20 AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the ROE #20 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all the ROE #20's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the ROE #20's net assets and how they have changed. Net assets – the difference between the ROE #20's assets and liabilities – are one way to measure the ROE #20's financial health or position.

- Over time, increases or decreases in the ROE #20's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the ROE #20's overall health, additional non-financial factors, need to be considered.

In the government-wide financial statements, the ROE #20's activities consist of governmental activities and business-type activities.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

REPORTING THE REGIONAL OFFICE OF EDUCATION #20 AS A WHOLE (Concluded)

- *Governmental activities:* Most of the ROE #20's basic services are included here, such as regular and special education instruction, student and instructional staff support services and administration. State and Federal grants, local school districts, and State aid finance most of these activities.
- *Business-type activities:* The ROE #20 charges fees to help cover the costs of certain services and workshops it provides and records this activity in the Proprietary fund.

Governmental Fund Financial Statements

The governmental fund financial statements provide detailed information about the ROE #20's funds, focusing on its most significant or "major" funds – not the ROE #20 as a whole. Funds are accounting devices the ROE #20 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law or by bond covenants. The ROE #20 establishes other funds to control and manage money for particular purposes.

Governmental funds account for most of the ROE #20's basic services. These focus on how cash and other financial assets that can readily be 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 financial resources that can be spent in the near future to finance the ROE #20's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation between the government-wide statements and the governmental fund statements follow each of the related governmental fund statements. The ROE #20'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.

Proprietary Fund Financial Statements

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the ROE #20 on a cost reimbursement basis are reported. The ROE #20 reports the Local Workshop fund as a major proprietary fund and Lab School Reservations fund as a nonmajor fund. The Local Workshop fund accounts for the receipts and expenses pertaining to teacher meetings and workshops of a professional nature. The Lab School Reservations fund accounts for the fees received and related disbursements incurred for startup of the lab schools each school year.

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties ROE #20's net assets at June 30, 2012 and 2011 totaled \$120,510 and \$186,180 respectively. The analysis that follows provides a summary of the ROE #20's net assets at June 30, 2012 and 2011 for its governmental and business-type activities.

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|------------------------|-------------------------|-------------------|--------------------------|------------------|--------------------------|-------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Current Assets | \$ 293,121 | \$ 425,673 | \$ 37,732 | \$ 52,326 | \$ 330,853 | \$ 477,999 |
| Capital Assets | 35,988 | 22,247 | - | - | 35,988 | 22,247 |
| Total Assets | <u>329,109</u> | <u>447,920</u> | <u>37,732</u> | <u>52,326</u> | <u>366,841</u> | <u>500,246</u> |
| Current Liabilities | 207,754 | 244,388 | 300 | 30,107 | 208,054 | 274,495 |
| Noncurrent Liabilities | 38,277 | 39,571 | - | - | 38,277 | 39,571 |
| Total Liabilities | <u>246,031</u> | <u>283,959</u> | <u>300</u> | <u>30,107</u> | <u>246,331</u> | <u>314,066</u> |
| Net Assets | | | | | | |
| Capital Assets net | 35,988 | 22,247 | - | - | 35,988 | 22,247 |
| Restricted for | | | | | | |
| educational purposes | 85,943 | 96,458 | - | - | 85,943 | 96,458 |
| Unrestricted | <u>(38,853)</u> | <u>45,256</u> | <u>37,432</u> | <u>22,219</u> | <u>(1,421)</u> | <u>67,475</u> |
| Total Net Assets | <u>\$ 83,078</u> | <u>\$ 163,961</u> | <u>\$ 37,432</u> | <u>\$ 22,219</u> | <u>\$ 120,510</u> | <u>\$ 186,180</u> |

The ROE's combined net assets decreased by \$65,670 in FY12 and decreased by \$33,582 in FY11. The decrease occurred primarily as a result of expenditures exceeding funding in FY12 as well as FY11.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

CHANGES IN NET ASSETS

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | % Change |
|--------------------------|-------------------------|-------------------|--------------------------|------------------|--------------------------|-------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012-2011 |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Operating Grants/ | | | | | | | |
| Contributions | \$ 1,470,575 | \$ 1,782,936 | \$ - | \$ - | \$ 1,470,575 | \$ 1,782,936 | -17.52% |
| Charges for Services | - | - | 32,801 | 40,440 | 32,801 | 40,440 | -18.89% |
| General Revenues: | | | | | | | |
| Local Sources | 343,333 | 323,777 | - | - | 343,333 | 323,777 | 6.04% |
| State Sources | 281,360 | 307,565 | - | - | 281,360 | 307,565 | -8.52% |
| On-Behalf payments | | | | | | | |
| - State | 320,009 | 304,178 | - | - | 320,009 | 304,178 | 5.20% |
| Interest | 28 | 368 | 129 | 287 | 157 | 655 | -76.03% |
| Transfers | (5,317) | 9,136 | 5,317 | (9,136) | - | - | 0.00% |
| Total Revenues | <u>2,409,988</u> | <u>2,727,960</u> | <u>38,247</u> | <u>31,591</u> | <u>2,448,235</u> | <u>2,759,551</u> | <u>-11.28%</u> |
| Expenses: | | | | | | | |
| Instructional services: | | | | | | | |
| Salaries and benefits | 1,544,566 | 1,706,714 | - | - | 1,544,566 | 1,706,714 | -9.50% |
| Purchased services | 507,594 | 580,749 | - | - | 507,594 | 580,749 | -12.60% |
| Supplies and materials | 91,035 | 99,198 | - | - | 91,035 | 99,198 | -8.23% |
| Payments to other | | | | | | | |
| governments | 8,849 | 29,122 | - | - | 8,849 | 29,122 | -69.61% |
| Capital outlay | 2,361 | 2,678 | - | - | 2,361 | 2,678 | -11.84% |
| Other objects | 2,726 | 2,980 | - | - | 2,726 | 2,980 | -8.52% |
| Depreciation | 11,161 | 23,101 | - | - | 11,161 | 23,101 | -51.69% |
| Interest expense | 2,570 | 3,218 | - | - | 2,570 | 3,218 | -20.14% |
| Administrative expenses: | | | | | | | |
| On-behalf payments | 320,009 | 304,178 | - | - | 320,009 | 304,178 | 5.20% |
| Business-type expenses: | | | | | | | |
| Instructional | - | - | 23,034 | 41,195 | 23,034 | 41,195 | -44.09% |
| Total Expenses | <u>2,490,871</u> | <u>2,751,938</u> | <u>23,034</u> | <u>41,195</u> | <u>2,513,905</u> | <u>2,793,133</u> | <u>-10.00%</u> |
| Increase (Decrease) | | | | | | | |
| in Net Assets | (80,883) | (23,978) | 15,213 | (9,604) | (65,670) | (33,582) | |
| Net Assets – Beginning | <u>163,961</u> | <u>187,939</u> | <u>22,219</u> | <u>31,823</u> | <u>186,180</u> | <u>219,762</u> | <u>-15.28%</u> |
| Net Assets – Ending | <u>\$ 83,078</u> | <u>\$ 163,961</u> | <u>\$ 37,432</u> | <u>\$ 22,219</u> | <u>\$ 120,510</u> | <u>\$ 186,180</u> | <u>-35.27%</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2012

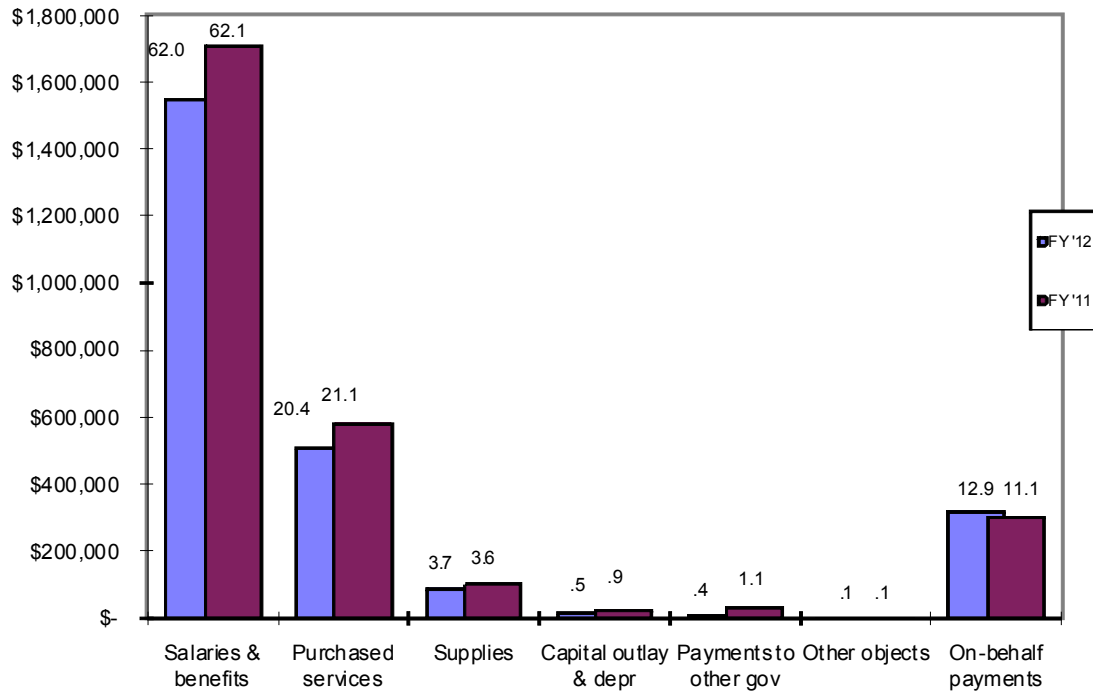
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concluded)

The following analysis compares total revenues for the years ended June 30:

| | 2012 | 2011 |
|------------------------|--------------------------------|--------------------------------|
| Total program revenues | \$ 1,503,376 | \$ 1,823,376 |
| Total general revenues | <u>944,859</u> | <u>936,175</u> |
| Total revenues | <u><u>\$ 2,448,235</u></u> | <u><u>\$ 2,759,551</u></u> |

Operating grants and contributions from local, State, and federal sources account for a majority of the total revenue. The ROE's expenses primarily relate to instructional services, which account for 87% of the total governmental activities expenses.

Governmental Activities Expenses



EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Governmental Activities

The analysis of changes in net assets reflects a decrease of \$80,883 in FY12 and a decrease of \$23,978 in FY11.

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION FUNDS

As previously noted, ROE #20 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The ROE #20's governmental funds reported combined fund balances of \$76,243 in FY12 and \$156,760 in FY11. The primary reason for the decrease in combined fund balance in FY12 was due to the decrease in State funding.

Governmental Fund Highlights

- The General Fund balance was \$61,631 in FY11 and decreased to \$(2,262) in FY12. The decrease in FY12 was attributable to a decrease in State funding which caused revenues received to be less than expenditures.
- The Education Fund balance was \$2,517 in FY11 and decreased to \$(4,745) in FY12. The decrease in FY12 was attributable to a decrease in State funding which caused revenues received to be less than expenditures.
- The Harrisburg Project Fund balance was \$56,943 in FY11 and decreased to \$53,903 in FY12. The decrease in FY12 was attributable to a decrease in State funding which caused revenues received to be less than expenditures.

Business-Type Fund Highlights

- The Local Workshop Fund balance was \$27,357 in FY11 and increased to \$37,126 in FY12. The increase was attributable to having less expenses associated with the workshops which took place during the year.

BUDGETARY HIGHLIGHTS

The ROE #20 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.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

BUDGETARY HIGHLIGHTS (Concluded)

The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the ROE #20 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 ROE #20's actual financial activity is included in the supplementary information section of this report.

CAPITAL ASSETS

Capital assets of the ROE #20 include office equipment, computers, audio-visual equipment, and office furniture. The ROE #20 maintains an inventory of capital assets, which have been accumulated over time. The increase for FY12 was \$13,741 and came as a result of more grant money available to purchase equipment. More detailed information about capital assets is available in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- A decrease is expected in the number of students being served by the local school districts.
- Funding for FY13 is expected to be comparable to FY12. Due to the economic condition of the State of Illinois, funding payments have been delayed on State grants.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Regional Offices' citizens, taxpayers, and customers with a general overview of the finances and to demonstrate the accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Superintendent of the Regional Office of Education #20, 512 North Main Street, Harrisburg, Illinois 62946.

BASIC FINANCIAL STATEMENTS

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF NET ASSETS
JUNE 30, 2012

| | Primary Government | | Total |
|-------------------------------------|----------------------------|-----------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 152,212 | \$ 17,472 | \$ 169,684 |
| Receivables, other | 10,601 | 2,950 | 13,551 |
| Due (to) from other funds | (17,310) | 17,310 | - |
| Due from other governments: | | | |
| Local | 25,023 | - | 25,023 |
| State | 105,643 | - | 105,643 |
| Federal | 16,952 | - | 16,952 |
| Total Current Assets | <u>293,121</u> | <u>37,732</u> | <u>330,853</u> |
| Noncurrent Assets: | | | |
| Capital assets, net of depreciation | <u>35,988</u> | - | <u>35,988</u> |
| Total Noncurrent Assets | <u>35,988</u> | - | <u>35,988</u> |
| TOTAL ASSETS | <u>329,109</u> | <u>37,732</u> | <u>366,841</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 30,015 | 300 | 30,315 |
| Salaries and benefits payable | 39,122 | - | 39,122 |
| Due to other governments: | | | |
| State | 65 | - | 65 |
| Loan payable | 119,000 | - | 119,000 |
| Deferred revenue | 19,552 | - | 19,552 |
| Total Current Liabilities | <u>207,754</u> | <u>300</u> | <u>208,054</u> |
| Noncurrent Liabilities: | | | |
| Liability for compensated absences | <u>38,277</u> | - | <u>38,277</u> |
| Total Noncurrent Liabilities | <u>38,277</u> | - | <u>38,277</u> |
| TOTAL LIABILITIES | <u>246,031</u> | <u>300</u> | <u>246,331</u> |
| NET ASSETS | | | |
| Invested in capital assets | 35,988 | - | 35,988 |
| Restricted for educational purposes | 85,943 | - | 85,943 |
| Unrestricted | <u>(38,853)</u> | <u>37,432</u> | <u>(1,421)</u> |
| TOTAL NET ASSETS | <u>\$ 83,078</u> | <u>\$ 37,432</u> | <u>\$ 120,510</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

| FUNCTIONS/PROGRAMS | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---------------------------------|---------------------|-------------------------|--|--|-----------------------------|--------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Government | | |
| | | | | Governmental Activities | Business-Type Activities | Total |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| Instructional Services: | | | | | | |
| Salaries and benefits | \$ 1,544,566 | \$ - | \$ 1,040,952 | \$ (503,614) | \$ - | \$ (503,614) |
| Purchased services | 507,594 | - | 352,451 | (155,143) | - | (155,143) |
| Supplies and materials | 91,035 | - | 46,255 | (44,780) | - | (44,780) |
| Other objects | 2,726 | - | - | (2,726) | - | (2,726) |
| Depreciation | 11,161 | - | - | (11,161) | - | (11,161) |
| Capital outlay | 2,361 | - | 27,263 | 24,902 | - | 24,902 |
| Payments to other governments | 8,849 | - | 3,654 | (5,195) | - | (5,195) |
| Administrative: | | | | | | |
| On-behalf payments - State | 320,009 | - | - | (320,009) | - | (320,009) |
| Total Governmental Activities | <u>2,488,301</u> | <u>-</u> | <u>1,470,575</u> | <u>(1,017,726)</u> | <u>-</u> | <u>(1,017,726)</u> |
| Business-type Activities: | | | | | | |
| Other | 23,034 | 32,801 | - | - | 9,767 | 9,767 |
| Total Business-type Activities | <u>23,034</u> | <u>32,801</u> | <u>-</u> | <u>-</u> | <u>9,767</u> | <u>9,767</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 2,511,335</u> | <u>\$ 32,801</u> | <u>\$ 1,470,575</u> | <u>(1,017,726)</u> | <u>9,767</u> | <u>(1,007,959)</u> |
| GENERAL REVENUES: | | | | | | |
| Local sources | | | | 343,333 | - | 343,333 |
| State sources | | | | 281,360 | - | 281,360 |
| Federal sources | | | | - | - | - |
| On-behalf payments - State | | | | 320,009 | - | 320,009 |
| Investment earnings | | | | 28 | 129 | 157 |
| Interest expense | | | | (2,570) | - | (2,570) |
| Transfers | | | | (5,317) | 5,317 | - |
| Total General Revenues | | | | <u>936,843</u> | <u>5,446</u> | <u>942,289</u> |
| CHANGE IN NET ASSETS | | | | (80,883) | 15,213 | (65,670) |
| NET ASSETS - BEGINNING | | | | <u>163,961</u> | <u>22,219</u> | <u>186,180</u> |
| NET ASSETS - ENDING | | | | <u>\$ 83,078</u> | <u>\$ 37,432</u> | <u>\$ 120,510</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

| | General Fund | Education Fund | Harrisburg Project | Other Nonmajor Funds | Eliminations | Total Governmental Funds |
|---|-------------------|-------------------|-----------------------|----------------------------|---------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 98,663 | \$ 15,469 | \$ 12,187 | \$ 25,893 | \$ - | \$ 152,212 |
| Accounts receivable | 10,601 | - | - | - | - | 10,601 |
| Due from other funds | 108,608 | - | - | 11,500 | (120,108) | - |
| Due from other governments: | | | | | | |
| Local | 25,005 | - | - | 18 | - | 25,023 |
| State | 34,348 | 1,212 | 59,793 | 10,290 | - | 105,643 |
| Federal | - | 16,952 | - | - | - | 16,952 |
| TOTAL ASSETS | \$ 277,225 | \$ 33,633 | \$ 71,980 | \$ 47,701 | \$ (120,108) | \$ 310,431 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 5,666 | \$ 4,030 | \$ 18,077 | \$ 2,242 | \$ - | \$ 30,015 |
| Salaries and benefits payable | 34,113 | 4,791 | - | 218 | - | 39,122 |
| Due to other funds | 120,608 | 5,810 | - | 11,000 | (120,108) | 17,310 |
| Due to other governments: | | | | | | |
| State | 65 | - | - | - | - | 65 |
| Loans payable | 119,000 | - | - | - | - | 119,000 |
| Deferred revenue | 35 | 23,747 | - | 4,894 | - | 28,676 |
| TOTAL LIABILITIES | 279,487 | 38,378 | 18,077 | 18,354 | (120,108) | 234,188 |
| Fund Balance (Deficit): | | | | | | |
| Restricted | - | - | 53,903 | 32,040 | - | 85,943 |
| Unassigned | (2,262) | (4,745) | - | (2,693) | - | (9,700) |
| Total Fund Balance (Deficit) | (2,262) | (4,745) | 53,903 | 29,347 | - | 76,243 |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ 277,225 | \$ 33,633 | \$ 71,980 | \$ 47,701 | \$ (120,108) | \$ 310,431 |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2012

| | |
|---|-------------------------|
| TOTAL FUND BALANCES - GOVERNMENTAL FUNDS | \$ 76,243 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. | (38,277) |
| Revenues on the Statement of Activities that do not provide current financial resources, and are not reported as revenues in the funds. | 9,124 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | <u>35,988</u> |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 83,078</u></u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

| | General Fund | Education Fund | Harrisburg Project | Other Nonmajor Funds | Total Governmental Funds |
|--|-------------------|-------------------|-----------------------|----------------------------|--------------------------------|
| REVENUES | | | | | |
| Local sources | \$ 279,874 | \$ - | \$ 9,446 | \$ 59,469 | \$ 348,789 |
| State sources | 487,054 | 86,671 | 726,920 | 1,183 | 1,301,828 |
| Federal sources | - | 460,052 | - | - | 460,052 |
| On-behalf payments - State | 320,009 | - | - | - | 320,009 |
| Total Revenues | 1,086,937 | 546,723 | 736,366 | 60,652 | 2,430,678 |
| EXPENDITURES | | | | | |
| Instructional Services | | | | | |
| Salaries and benefits | 657,609 | 278,760 | 585,042 | 24,449 | 1,545,860 |
| Purchased services | 122,998 | 253,484 | 94,733 | 36,379 | 507,594 |
| Supplies and materials | 39,239 | 12,718 | 33,102 | 5,976 | 91,035 |
| Other objects | 2,551 | - | - | 175 | 2,726 |
| Payments to other governments | 5,143 | 3,706 | - | - | 8,849 |
| On-behalf payments - State | 320,009 | - | - | - | 320,009 |
| Capital outlay | 734 | - | 26,529 | - | 27,263 |
| Debt service: | | | | | |
| Interest | 2,570 | - | - | - | 2,570 |
| Total Expenditures | 1,150,853 | 548,668 | 739,406 | 66,979 | 2,505,906 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | | |
| | (63,916) | (1,945) | (3,040) | (6,327) | (75,228) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer out | - | (5,317) | - | - | (5,317) |
| Interest | 23 | - | - | 5 | 28 |
| Total Other Financing Sources (Uses) | 23 | (5,317) | - | 5 | (5,289) |
| NET CHANGE IN FUND BALANCES | (63,893) | (7,262) | (3,040) | (6,322) | (80,517) |
| FUND BALANCES - BEGINNING | 61,631 | 2,517 | 56,943 | 35,669 | 156,760 |
| FUND BALANCES (DEFICIT) - ENDING | \$ (2,262) | \$ (4,745) | \$ 53,903 | \$ 29,347 | \$ 76,243 |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
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 \$ (80,517)

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 | \$ 24,902 | |
| Depreciation expense | <u>(11,161)</u> | 13,741 |

Revenues reported in the Statement of Activities in the prior year that did not
provide current financial resources, and are reported as revenues in the funds.

| | | |
|------------------|-----------------|----------|
| Deferred revenue | | |
| Local sources | \$ (10,350) | |
| State sources | <u>(14,175)</u> | (24,525) |

Revenues in the Statement of Activities that do not provide current
financial resources, and are not reported as revenues in the funds.

| | | |
|------------------|--------------|-------|
| Deferred revenue | | |
| Local sources | \$ 4,894 | |
| Federal sources | <u>4,230</u> | 9,124 |

Certain expenses reported in the Statement of Activities do not require the
use of current financial resources and therefore are not reported as
expenditures in governmental funds.

1,294

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (80,883)

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

| | Business-Type Activities - Enterprise Funds | | |
|---------------------------|---|---|-----------|
| | Local Workshops | Other Nonmajor Fund- Lab School Reservations | Totals |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 17,166 | \$ 306 | \$ 17,472 |
| Receivables, other | 2,950 | - | 2,950 |
| Due from other funds | 17,310 | 14,000 | 31,310 |
| TOTAL ASSETS | 37,426 | 14,306 | 51,732 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 300 | - | 300 |
| Due to other funds | - | 14,000 | 14,000 |
| TOTAL LIABILITIES | 300 | 14,000 | 14,300 |
| NET ASSETS | | | |
| Unrestricted | 37,126 | 306 | 37,432 |
| TOTAL NET ASSETS | \$ 37,126 | \$ 306 | \$ 37,432 |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED 30, 2012

| | Business-Type Activities - Enterprise Funds | | |
|---|---|---|-----------|
| | Local Workshops | Other Nonmajor Fund- Lab School Reservations | Totals |
| OPERATING REVENUES | | | |
| Local sources | \$ 32,801 | \$ - | \$ 32,801 |
| Total Operating Revenues | 32,801 | - | 32,801 |
| OPERATING EXPENSES | | | |
| Salaries and benefits | 405 | - | 405 |
| Purchased services | 9,224 | - | 9,224 |
| Supplies and materials | 11,355 | - | 11,355 |
| Payments to other governments | 2,050 | - | 2,050 |
| Total Operating Expenses | 23,034 | - | 23,034 |
| OPERATING INCOME (LOSS) | 9,767 | - | 9,767 |
| NONOPERATING REVENUE | | | |
| Transfers in | - | 5,317 | 5,317 |
| Interest | 2 | 127 | 129 |
| Total Nonoperating Revenue | 2 | 5,444 | 5,446 |
| CHANGE IN NET ASSETS | 9,769 | 5,444 | 15,213 |
| TOTAL NET ASSETS (DEFICIT) - BEGINNING | 27,357 | (5,138) | 22,219 |
| TOTAL NET ASSETS - ENDING | \$ 37,126 | \$ 306 | \$ 37,432 |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

| | Business-Type Activities - Enterprise Funds | | Totals |
|--|---|---|-------------------------|
| | Local Workshops | Other Nonmajor Fund- Lab School Reservations | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 29,851 | \$ - | \$ 29,851 |
| Payments to suppliers and providers of goods and services | (25,347) | - | (25,347) |
| Payments to employees | (405) | - | (405) |
| Net Cash Provided By (Used for) Operating Activities | <u>4,099</u> | <u>-</u> | <u>4,099</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest | <u>2</u> | <u>127</u> | <u>129</u> |
| Net Cash Provided by (Used for) Investing Activities | <u>2</u> | <u>127</u> | <u>129</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Payments to other governments | - | (27,089) | (27,089) |
| Proceeds from other funds | 10,143 | 22,317 | 32,460 |
| Payments to other funds | (179) | (24,000) | (24,179) |
| Net Cash Provided By (Used for) Noncapital Financing Activities | <u>9,964</u> | <u>(28,772)</u> | <u>(18,808)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 14,065 | (28,645) | (14,580) |
| CASH AND CASH EQUIVALENTS - BEGINNING | <u>3,101</u> | <u>28,951</u> | <u>32,052</u> |
| CASH AND CASH EQUIVALENTS - ENDING | <u>\$ 17,166</u> | <u>\$ 306</u> | <u>\$ 17,472</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | |
| Operating income | \$ 9,767 | \$ - | \$ 9,767 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Change in assets and liabilities: | | | |
| (Decrease) in accounts payable | (2,718) | - | (2,718) |
| Increase in receivable | (2,950) | - | (2,950) |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <u>\$ 4,099</u> | <u>\$ -</u> | <u>\$ 4,099</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2012, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 #20 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 with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. DATE OF MANAGEMENT’S REVIEW

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has evaluated subsequent events through April 26, 2013, the date which 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 teacher institutes as well as to aid and encourage the formation of other teacher meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent’s office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’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; 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.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

The Regional Superintendent is 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 under his control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is not aware of any entity, which would exercise such oversight as to result in the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 being considered a component unit of the entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by state and federal grants and other intergovernmental revenues. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has two business-type activities that rely on fees and charges for support.

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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 nonmajor funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets 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 nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, typically 60 days. 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. Revenue received after the Regional Office's availability period are reported as deferred revenue in the fund statements and are reported as current revenue in the Statement of Activities.

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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.

Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. FUND ACCOUNTING

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 uses governmental and proprietary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has presented all major funds that met the above qualifications. The Edwards, Hardin, Gallatin,

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the Regional Office of Education #20. It is used to account for all financial resources in the Region except those required to be accounted and reported for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

Clearing – This fund operates as an imprest account. Money is transferred from various funds and the expenditures appear within the fund in which the cost was incurred.

Local Lunch/Breakfast – To account for Local monies received to provide free lunches and breakfasts to eligible needy children.

Payroll – This fund is utilized for processing payroll. Money is transferred from various funds and the salary expenses appear within the fund in which the salary cost was incurred.

General Budget – This fund is used for the general operation of the Regional Office and to cover expenses that are not paid for by other funds.

Truants Alternative/Optional Education – This fund accounts for the proceeds from State grants expended under a program to reduce student truancy.

Truants Alternative General State Aid – These funds are used to account for the administration of monies to be used for the General State Aid Program.

Regional Safe Schools – This fund is used to account for the monies received from the State. The program concentrates on the education of students who have been expelled from the school districts served by the Regional Office of Education #20.

Safe Schools State Aid – To account for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Safe School.

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.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Major special revenue funds include the following:

Education – 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:

ROE/ISC General Operations – This fund accounts for grant monies received and expended for general and administrative expenses.

Federal Special Education – Pre-School Discretionary – This fund is used to account for the monies received from the State (federal dollars) to promote increasing public awareness of the availability of services and locating, identifying and evaluating children suspected of having disabilities.

American Recovery and Reinvestment Act (ARRA) Title I School Improvement & Accountability – This fund is used to work with first and second year Title I schools in improvement status to help them understand the school improvement planning process and to support district improvement planning for Title I districts in improvement status.

Career and Technical Education – This fund is used to account for the monies received from Southern Illinois University to provide technical assistance to the Center for Workforce Development (SIUC) in the Springfield offices located on the Lincoln Land Community College campus and to support grant-funded projects and activities supported through various public/private sector sources.

Career and Technical Education Curriculum – This fund is used to account for the monies received from Southern Illinois University to provide technical assistance to the Center for Workforce Development (SIUC) in the Springfield offices located on the Lincoln Land Community College campus and to support grant-funded projects and activities supported through various public/private sector sources.

Principal Mentoring – This fund is used to account for the monies received from the State to ensure that first year principals are mentored by a qualified, highly-trained mentor.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

System of Support – This fund is used to account for the monies received from the State (federal dollars) to provide improvement support to schools in academic early warning and academic watch status as well as to assist other schools whose performance makes placement on the lists in the near future likely.

McKinney-Vento Education For Homeless Children and Youth – This fund is used to account for the monies received from the State (federal dollars) for assisting school districts in identifying and providing assistance to at-risk students.

Federal Lunch – This fund is used to account for the monies received from the State (federal dollars) for reimbursement for meals through the school lunch program at the regular price as well as reimbursement of free and reduced-priced meals for students enrolled in the Regional Safe Schools Program.

State Lunch – To account for State monies received to provide free lunches and breakfasts to eligible needy children enrolled in the Regional Safe School Program.

Federal Forest Reserve – This fund is used to account for the monies received from the State (federal dollars) for school districts with land in the Shawnee National Forest.

Federal Breakfast – This fund is used to account for the monies received from the State (federal dollars) to provide breakfast meals meeting federal requirements to all children in attendance at the Regional Safe School Program.

Harrisburg Project – This fund is used to account for the contract that creates and maintains computer software and provides an electronic exchange of data for the school districts with other entities.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

Nonmajor special revenue funds include the following:

General Educational Development – To account for the Regional Office of Education’s administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Institute Fund – This fund accounts for fees from registrations. These funds are used to help pay certain administrative expenses incurred to conduct workshops and for general meetings with teachers and other school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Bus Driver/Transportation – This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

Supervisory – This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 are reported.

Local Workshops – To account for the fees and local revenues received and related disbursements incurred while performing the corresponding program services.

Lab School Reservations – To account for the fees received and related disbursements incurred for startup of the lab schools every August.

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – the portion of a Governmental Fund’s net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

Restricted Fund Balance – the portion of a Governmental Fund’s net assets that are subject to external enforceable legal restrictions. The following accounts fund balance is restricted by grant agreements or contracts: Harrisburg Project. The following funds are restricted by Illinois statute: Institute Fund and Bus Driver/Transportation.

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

Assigned Fund Balance – the portion of a Governmental Fund’s net assets that denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Payroll, Truants Alternative Gen. State Aid, and Local Lunch/Breakfast.

Unassigned Fund Balance – the portion of a Governmental Fund’s net assets that are available expendable resources in a governmental fund that are not designated for a specific purpose. The following fund balances are unassigned: General Budget, Principal Mentoring, System of Support, Federal Breakfast, Safe Schools State Aid, and General Educational Development.

J. NET ASSETS

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

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

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

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

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$1,000 or more, 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.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|--------------------------------|---------------|
| Office Equipment and Furniture | 5 - 10 years |
| Computer Equipment | 3 - 5 years |
| Building Improvements | 10 - 20 years |

N. COMPENSATED ABSENCES

Employees of the Regional Office of Education #20 are permitted to accumulate earned but unused vacation benefits. Accumulated unused vacation benefits are accrued as incurred in the government-wide financial statements. Governmental funds record accumulated unused vacation benefits payable only when due for payment, such as an employee retires or resigns. Accrued but unused vacation time in the amount of \$38,277 is included on the government-wide financial statements at June 30, 2012.

Sick leave accumulates as far as time available but is not reimbursable to employees upon termination. Therefore, no accruals or reserves have been established.

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.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. BUDGET INFORMATION

The Regional Office of Education #20 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Truants Alternative/Optional Education, Regional Safe Schools, ROE/ISC General Operations, Federal Special Education – Pre-School Discretionary, and ARRA Title I School Improvement & Accountability.

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

A. DEPOSITS

At June 30, 2012, the carrying amount of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's government-wide deposits were \$169,684 and the bank balances were \$262,939. Of the total bank balances as of June 30, 2012, \$262,939 was secured by federal depository insurance.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's investment policy 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20.

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NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. At June 30, 2012, the Regional Office of Education #20 had investments with carrying and fair values of \$2,659 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 AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries.

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy. As set by statute, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’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 annual required contribution rate for calendar year 2011 was 12.92 percent. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2011 was \$109,647.

A. TREND INFORMATION

| Actuarial Valuation Date | Annual Pension Cost (APC) | Percentage of APC Contribution | Net Pension Obligation |
|--------------------------------|---------------------------------|--------------------------------------|------------------------------|
| 12/31/11 | \$ 109,647 | 100% | \$0 |
| 12/31/10 | 115,617 | 100% | 0 |
| 12/31/09 | 88,181 | 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) additional 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 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.

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 78.93 percent funded. The actuarial accrued liability for benefits was \$2,076,748 and the actuarial value of assets was \$1,639,102, resulting in an underfunded actuarial accrued liability (UAAL) of \$437,646. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$848,661 and the ratio of the UAAL to the covered payroll was 52 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 participates in the Teachers' Retirement System of the State of Illinois (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.

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

The State of Illinois makes contributions directly to TRS on behalf of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's TRS-covered employees.

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

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. For the year ended June 30, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized revenue and expenditures of \$115,709 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 (\$101,115) and 23.38 percent (\$110,903), respectively.

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$1,656. Contributions for the years ending June 30, 2011 and June 30, 2010, were \$1,586 and \$1,750, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, there is a statutory requirement for the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer pension contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012 no salaries were paid from federal and special trust funds that required employer contributions. For the years ended June 30, 2011 and June 30, 2010, required Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 contributions were \$2,707 and \$701, respectively.

- **Early Retirement Option.** The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option

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

(ERO). The payments vary depending on the age and salary of the member. The maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement. For the years ended June 30, 2012, and 2011, 2010, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS under the ERO program.

- **Salary increases over 6 percent and excess sick leave.** If the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the years ended June 30, 2012, 2011, and 2010, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid \$0, \$2,603, and \$0, respectively, to TRS for employer contributions due on salary increases in excess of 6 percent.

If the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the years ended June 30, 2012, 2011, and 2010, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

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 year ended June 30, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012. The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

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NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

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

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

On behalf contributions to THIS Fund - The State of Illinois makes employer retiree health insurance contributions on behalf of Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$1,884, and the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2011 and 2010 were 0.88 and 0.84 percent of pay, respectively. State contributions on behalf of Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 employees were \$1,805 and \$1,901, respectively.

Employer contributions to THIS Fund. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 also makes contributions to THIS Fund. The THIS 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 #20 paid \$1,884 to the THIS fund.

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

For the years ended June 30, 2011 and 2010, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid \$1,805 and \$1,901, 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

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

| Fund | Due From Other Funds | Due To Other Funds |
|-------------------|-------------------------|-----------------------|
| Education Fund | \$ - | \$ 5,810 |
| Proprietary Funds | 31,310 | 14,000 |
| NonMajor Funds | 11,500 | 11,000 |
| General Fund | 108,608 | 120,608 |
| | \$ 151,418 | \$ 151,418 |

TRANSFERS

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

| | Transfer Out | Transfer In |
|------------------|--------------|-------------|
| Education Fund | \$ 5,317 | \$ - |
| Proprietary Fund | - | 5,317 |
| Totals | \$ 5,317 | \$ 5,317 |

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NOTE 7 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased.

The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2012.

| | <u>Balance</u> <u>July 1, 2011</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>Balance</u> <u>June 30, 2012</u> |
|--|---------------------------------------|------------------|------------------|------------------|--|
| Governmental Activities: | | | | | |
| Capital Assets being depreciated: | | | | | |
| Improvements other than buildings | \$ 8,437 | \$ - | \$ - | \$ - | \$ 8,437 |
| Machinery and equipment | <u>271,213</u> | <u>24,902</u> | <u>-</u> | <u>-</u> | <u>296,115</u> |
| Total capital assets being depreciated | <u>279,650</u> | <u>24,902</u> | <u>-</u> | <u>-</u> | <u>304,552</u> |
| Less accumulated depreciation for: | | | | | |
| Improvements other than buildings | 5,241 | 325 | - | - | 5,566 |
| Machinery and equipment | <u>252,162</u> | <u>10,836</u> | <u>-</u> | <u>-</u> | <u>262,998</u> |
| Total accumulated depreciation | <u>257,403</u> | <u>11,161</u> | <u>-</u> | <u>-</u> | <u>268,564</u> |
| Governmental activities capital assets, net | <u>\$ 22,247</u> | <u>\$ 13,741</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 35,988</u> |
| | | | | | |
| | <u>Balance</u> <u>July 1, 2011</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>Balance</u> <u>June 30, 2012</u> |
| Business-type Activities: | | | | | |
| Capital Assets being depreciated: | | | | | |
| Improvements other than buildings | \$ 2,182 | \$ - | \$ - | \$ - | \$ 2,182 |
| Machinery and equipment | <u>55,740</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>55,740</u> |
| Total capital assets being depreciated | <u>57,922</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>57,922</u> |
| Less accumulated depreciation for: | | | | | |
| Improvements other than buildings | 1,963 | - | - | 219 | 2,182 |
| Machinery and equipment | <u>55,959</u> | <u>-</u> | <u>-</u> | <u>(219)</u> | <u>55,740</u> |
| Total accumulated depreciation | <u>57,922</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>57,922</u> |
| Business-type activities capital assets, net | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 7 – CAPITAL ASSET ACTIVITY (Concluded)

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 \$11,161 and \$0 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 8 – RISK MANAGEMENT

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 9 – OPERATING LEASE

The Regional Office of Education #20 leases its office facilities. The lease term was originally from July 1, 2008 to December 31, 2012. The lease was amended in August 2012 to a term of August 1, 2012 to June 30, 2014. The monthly rental payments under the original lease were \$3,160 per month; the amended lease's monthly rental payments are \$2,410. The Regional Office of Education #20 is responsible for all utility bills and trash removal.

In addition, the Regional Office of Education #20 subleases a portion of their facilities to Pre-School Discretionary and Harrisburg Project. Sublease income was \$25,613 for the year ended June 30, 2012.

The Regional Office of Education #20 leases office space for an Alternative School in Harrisburg, Illinois. The lease term is from July 1, 2010 through June 30, 2015. The monthly rental payments under the lease are \$2,050 per month until June 30, 2013, and are \$1,550 from July 1, 2013 to June 30, 2015, with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

During the year ended June 30, 2012, rentals under lease obligations were \$62,520.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
 WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 9 – OPERATING LEASE (Concluded)

Future minimum rentals for the years ending June 30 are:

| Years Ending June 30, | Amount |
|--------------------------|-------------------|
| 2013 | \$ 54,270 |
| 2014 | 47,520 |
| 2015 | 47,520 |
| Total | <u>\$ 149,310</u> |

NOTE 10 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries and benefits on behalf of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20:

| | |
|---|-----------------------|
| Regional Superintendent Salary | \$ 100,127 |
| Assistant Regional Superintendent Salary | 78,855 |
| Regional Superintendent Fringe Benefit (Includes State paid insurance) | 20,195 |
| Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance) | 3,239 |
| Regional Superintendent TRS Pension Contribution | 24,942 |
| Assistant Regional Superintendent TRS Pension Contribution | 19,643 |
| TRS Pension Contributions | 71,124 |
| THIS Contributions | <u>1,884</u> |
| Total | <u>\$ 320,009</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.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 11 – LINE OF CREDIT

On January 23, 2012, the Regional Office of Education #20 renewed a line of credit under which they are able to borrow up to \$114,900 at a rate of 4.150 percent. There was no outstanding balance on this line of credit as of June 30, 2012. This line of credit agreement expires on January 21, 2013. Interest is accrued and due quarterly.

On June 22, 2012, the Regional Office of Education #20 renewed a straight line of credit under which they borrowed \$119,000 at a rate of 3.50 percent. The outstanding principal balance as of June 30, 2012 was \$119,000. This line of credit matures October 1, 2012. Interest is accrued and due in full with the principal balance on the date of maturity. As of June 30, 2012, there was no accrued interest.

NOTE 12 – DUE TO/FROM OTHER GOVERNMENTS

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’s General Fund, Proprietary Fund, Education Fund, Harrisburg Project, and various grant programs have funds due from/to various other governmental units which consist of the following:

Due From Other Governments:

| | | |
|-----------------------------------|----|------------|
| Education Fund | | |
| Illinois State Board of Education | \$ | 212 |
| Other State Agencies | | 1,000 |
| Federal Government | | 16,952 |
| Nonmajor Special Revenue Fund | | |
| Other State Agencies | | 10,290 |
| Local Governments | | 18 |
| Harrisburg Project | | |
| Illinois State Board of Education | | 59,793 |
| General Funds | | |
| Illinois State Board of Education | | 34,348 |
| Local Governments | | 25,005 |
| | | \$ 147,618 |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 12 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due To Other Governments:

| | |
|-----------------------------------|-------|
| General Funds | |
| Illinois State Board of Education | 65 |
| | \$ 65 |

NOTE 13 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – HEALTH INSURANCE

Plan Description. The Regional Office of Education #20 has a fully-insured, experience rated health plan (Plan) through Blue Cross Blue Shield.

Funding Policy. The Regional Office of Education #20 funds the Plan on a “pay-as-you-go cash basis”. The Regional Office implicitly subsidizes the retiree health care coverage. In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees equals the implicit subsidy. The Regional Office of Education #20 requires retirees to pay 100 percent, of the contribution for coverage for retirees and their spouses. Because of this, for actuarial purposes, there is no explicit subsidy. As of August 1, 2012, monthly medical premiums for the Plan are \$593 for the employee only and \$1,248 for the employee and spouse.

| | Premium Rate | Explicit Subsidy | Per Capita Cost | Implicit Subsidy |
|---------|-----------------|---------------------|--------------------|---------------------|
| Retiree | \$ 593 | \$ - | \$ 1,327 | \$ 734 |
| Spouse | 655 | - | 755 | 100 |

The Plan’s actuary has determined that as of June 30, 2012 the Unfunded Actuarial Accrued Liability (UAAL) for Other Post Employment Benefits (OPEB) is \$104,815, which is 11.8% of covered payroll. That actuary has further determined that the Annual Required Contribution (ARC), determined in accordance with the parameters of GASB Statement No. 45, is \$14,087. This amount has not been recorded as a liability in the Regional Office of Education #20’s accounting records. The annual OPEB cost less employer contributions for the year ended June 30, 2012 is \$14,087. The Regional Office of Education #20 has made no prior contributions to the Plan.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
 WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 14 – DEFICIT FUND BALANCES

Deficit fund balances existed as of June 30, 2012 in the following funds:

| Funds with Deficit Fund Balance | Deficit Balance |
|---------------------------------|-----------------|
| General Budget | \$ (53,781) |
| Safe Schools State Aid | (15,662) |
| Principal Mentoring | (515) |
| System of Support | (3,876) |
| Federal Breakfast | (354) |
| General Educational Development | (2,693) |
| | \$ (76,881) |

The General Budget fund’s deficit balance is due to outstanding debt, which was paid in full subsequent to June 30, 2012. The Regional Office of Education #20 plans to work to build up funds for stabilization going forward.

Safe Schools State Aid and Principal Mentoring’s deficit fund balances are due to overspending. The Regional Office of Education #20 plans to improve the position of these funds with amounts received from General State Aid.

The System of Support, Federal Breakfast, and General Educational Development funds all have deficit balances due to revenues that do not provide current financial resources, and are not reported as revenue in the funds. These revenues have been recorded as deferred revenue in their respective combining statements.

NOTE 15 – RECLASSIFICATIONS

The Institute Fund was classified as a major fund for the year ended June 30, 2011. The Institute Fund did not meet the definition of a major fund for 2012 and has been reclassified with the Nonmajor Special Revenue Funds for the year ended June 30, 2012. This caused an increase of \$28,431 in the beginning fund balance of the Nonmajor Special Revenue Funds.

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
JUNE 30, 2012

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 12/31/11 | \$ 1,639,102 | \$ 2,076,748 | \$ 437,646 | 78.93% | \$ 848,661 | 51.57% |
| 12/31/10 | 1,867,740 | 2,292,125 | 424,385 | 81.49% | 922,721 | 45.99% |
| 12/31/09 | 1,730,968 | 2,124,381 | 393,413 | 81.48% | 928,218 | 42.38% |

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$1,550,750. On a market basis, the funded ratio would be 74.67%.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
POST EMPLOYMENT BENEFITS OTHER THAN PENSION
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
JUNE 30, 2012

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|--|
| 7/1/11 | \$ - | \$ 104,815 | \$ 104,815 | 0.00% | \$ 889,116 | 11.8% |
| 7/1/10 | - | 91,611 | 91,611 | 0.00% | 863,219 | 10.6% |
| 7/1/09 | - | 56,823 | 56,823 | 0.00% | 838,077 | 6.8% |

OTHER SUPPLEMENTAL INFORMATION

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2012

| | Clearing | Local Lunch / Breakfast | Payroll | General Budget | Truants Alternative/ Optional Education |
|---|-------------|-------------------------------|-----------------|-------------------|--|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 400 | \$ 2,175 | \$ 59,739 | \$ - |
| Accounts receivable | - | - | - | 10,601 | - |
| Due from other funds | - | - | - | 42,000 | - |
| Due from other governments | | | | | |
| Local | - | - | - | 25,005 | - |
| State | - | - | - | - | 24,708 |
| TOTAL ASSETS | \$ - | \$ 400 | \$ 2,175 | \$ 137,345 | \$ 24,708 |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 4,126 | \$ - |
| Salaries and benefits payable | - | - | - | - | - |
| Due to other funds | - | - | - | 68,000 | 24,608 |
| Due to other governments | | | | | |
| State | - | - | - | - | 65 |
| Deferred revenue | - | - | - | - | 35 |
| Loans payable | - | - | - | 119,000 | - |
| TOTAL LIABILITIES | - | - | - | 191,126 | 24,708 |
| FUND BALANCE (DEFICIT) | | | | | |
| Assigned | - | 400 | 2,175 | - | - |
| Unassigned | - | - | - | (53,781) | - |
| Total Fund Balance (Deficit) | - | 400 | 2,175 | (53,781) | - |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ - | \$ 400 | \$ 2,175 | \$ 137,345 | \$ 24,708 |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

JUNE 30, 2012

| | Truants Alternative Gen. State Aid | Regional Safe Schools | Safe Schools State Aid | TOTALS |
|---|---|-----------------------------|---------------------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 21,956 | \$ 1,360 | \$ 13,033 | \$ 98,663 |
| Accounts receivable | - | - | - | 10,601 |
| Due from other funds | 65,608 | - | 1,000 | 108,608 |
| Due from other governments | | | | |
| Local | - | - | - | 25,005 |
| State | - | 9,640 | - | 34,348 |
| TOTAL ASSETS | \$ 87,564 | \$ 11,000 | \$ 14,033 | 277,225 |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,512 | \$ - | \$ 28 | \$ 5,666 |
| Salaries and benefits payable | 21,446 | - | 12,667 | 34,113 |
| Due to other funds | - | 11,000 | 17,000 | 120,608 |
| Due to other governments | | | | |
| State | - | - | - | 65 |
| Deferred revenue | - | - | - | 35 |
| Loans payable | - | - | - | 119,000 |
| TOTAL LIABILITIES | 22,958 | 11,000 | 29,695 | 279,487 |
| FUND BALANCE (DEFICIT) | | | | |
| Assigned | 64,606 | - | - | 67,181 |
| Unassigned | - | - | (15,662) | (69,443) |
| Total Fund Balance (Deficit) | 64,606 | - | (15,662) | (2,262) |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ 87,564 | \$ 11,000 | \$ 14,033 | \$ 277,225 |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

| | Clearing | Local Lunch / Breakfast | Payroll | General Budget | Truants Alternative/ Optional Education |
|--|--------------|-------------------------------|-----------------|--------------------|--|
| REVENUES | | | | | |
| Local sources | \$ - | \$ 1,335 | \$ - | \$ 278,182 | \$ - |
| State sources | - | - | - | - | 119,707 |
| On-behalf payments -State | - | - | - | 320,009 | - |
| Total Revenues | <u>-</u> | <u>1,335</u> | <u>-</u> | <u>598,191</u> | <u>119,707</u> |
| EXPENDITURES | | | | | |
| Salaries and benefits | - | - | - | 205,975 | 112,122 |
| Purchased services | 40 | 1,907 | 182 | 71,141 | 6,490 |
| Supplies and materials | 366 | - | - | 3,667 | 1,095 |
| Other objects | - | - | - | 2,551 | - |
| Capital outlay | - | - | - | 734 | - |
| Payments to other governments | - | - | - | 5,143 | - |
| On-behalf payments - State | - | - | - | 320,009 | - |
| Debt service: | | | | | |
| Interest | - | - | - | 2,570 | - |
| Total Expenditures | <u>406</u> | <u>1,907</u> | <u>182</u> | <u>611,790</u> | <u>119,707</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(406)</u> | <u>(572)</u> | <u>(182)</u> | <u>(13,599)</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Interest | - | - | - | 13 | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>13</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (406) | (572) | (182) | (13,586) | - |
| FUND BALANCE (DEFICIT) - BEGINNING | 406 | 972 | 2,357 | (40,195) | - |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ -</u> | <u>\$ 400</u> | <u>\$ 2,175</u> | <u>\$ (53,781)</u> | <u>\$ -</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

| | Truants Alternative / Gen. State Aid | Regional Safe Schools | Safe Schools State Aid | TOTALS |
|--|---|-----------------------------|---------------------------|-------------------|
| REVENUES | | | | |
| Local sources | \$ 20 | \$ - | \$ 337 | \$ 279,874 |
| State sources | 163,053 | 82,640 | 121,654 | 487,054 |
| On-behalf payments -State | - | - | - | 320,009 |
| Total Revenues | <u>163,073</u> | <u>82,640</u> | <u>121,991</u> | <u>1,086,937</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | 130,499 | 79,871 | 129,142 | 657,609 |
| Purchased services | 20,577 | 2,769 | 19,892 | 122,998 |
| Supplies and materials | 21,571 | - | 12,540 | 39,239 |
| Other objects | - | - | - | 2,551 |
| Capital outlay | - | - | - | 734 |
| Payments to other governments | - | - | - | 5,143 |
| On-behalf payments - State | - | - | - | 320,009 |
| Debt service: | | | | |
| Interest | - | - | - | 2,570 |
| Total Expenditures | <u>172,647</u> | <u>82,640</u> | <u>161,574</u> | <u>1,150,853</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(9,574)</u> | <u>-</u> | <u>(39,583)</u> | <u>(63,916)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interest | 4 | - | 6 | 23 |
| Total Other Financing Sources (Uses) | <u>4</u> | <u>-</u> | <u>6</u> | <u>23</u> |
| NET CHANGE IN FUND BALANCE | (9,570) | - | (39,577) | (63,893) |
| FUND BALANCE (DEFICIT) - BEGINNING | 74,176 | - | 23,915 | 61,631 |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ 64,606</u> | <u>\$ -</u> | <u>\$ (15,662)</u> | <u>\$ (2,262)</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
GENERAL FUND ACCOUNT
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | Actual Amounts |
|--|------------------|----------------|----------------|
| | Original | Final | |
| REVENUES | | | |
| State sources | \$ 119,708 | \$ 119,708 | \$ 119,707 |
| Total Revenues | <u>119,708</u> | <u>119,708</u> | <u>119,707</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 113,872 | 110,636 | 112,122 |
| Purchased services | 5,836 | 7,272 | 6,490 |
| Supplies and materials | - | 1,800 | 1,095 |
| Total Expenditures | <u>119,708</u> | <u>119,708</u> | <u>119,707</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
GENERAL FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | Actual Amounts |
|--|------------------|---------------|----------------|
| | Original | Final | |
| REVENUES | | | |
| State sources | \$ 82,640 | \$ 82,640 | \$ 82,640 |
| Total Revenues | <u>82,640</u> | <u>82,640</u> | <u>82,640</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 79,154 | 79,205 | 79,871 |
| Purchased services | 3,486 | 3,435 | 2,769 |
| Total Expenditures | <u>82,640</u> | <u>82,640</u> | <u>82,640</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2012

| | ROE/ISC General Operations | Federal Special Education - Pre-School Discretionary | ARRA Title I School Improvement & Accountability | Career and Technical Education |
|---|----------------------------------|--|--|--------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 898 | \$ 8,600 | \$ - | \$ - |
| Due from other governments | | | | |
| State | - | - | - | - |
| Federal | - | - | - | - |
| TOTAL ASSETS | \$ 898 | \$ 8,600 | \$ - | \$ - |
| LIABILITIES | | | | |
| Accounts payable | \$ 898 | \$ - | \$ - | \$ - |
| Salaries and benefits payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Deferred revenue | - | 8,600 | - | - |
| TOTAL LIABILITIES | 898 | 8,600 | - | - |
| FUND BALANCE (DEFICIT) | | | | |
| Unassigned | - | - | - | - |
| Total Fund Balance (Deficit) | - | - | - | - |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ 898 | \$ 8,600 | \$ - | \$ - |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

JUNE 30, 2012

| | Career and Technical Education Curriculum | Principal Mentoring | System of Support | McKinney-Vento Education for Homeless Children and Youth |
|---|--|------------------------|------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 1,946 |
| Due from other governments | | | | |
| State | - | 1,000 | - | - |
| Federal | - | - | 7,913 | 8,200 |
| | <u>\$ -</u> | <u>\$ 1,000</u> | <u>\$ 7,913</u> | <u>\$ 10,146</u> |
| TOTAL ASSETS | <u><u>\$ -</u></u> | <u><u>\$ 1,000</u></u> | <u><u>\$ 7,913</u></u> | <u><u>\$ 10,146</u></u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ 3,122 | \$ 10 |
| Salaries and benefits payable | - | - | 4,791 | - |
| Due to other funds | - | 1,515 | - | 1,000 |
| Deferred revenue | - | - | 3,876 | 9,136 |
| | <u>-</u> | <u>1,515</u> | <u>11,789</u> | <u>10,146</u> |
| TOTAL LIABILITIES | <u><u>-</u></u> | <u><u>1,515</u></u> | <u><u>11,789</u></u> | <u><u>10,146</u></u> |
| FUND BALANCE (DEFICIT) | | | | |
| Unassigned | - | (515) | (3,876) | - |
| Total Fund Balance (Deficit) | <u>-</u> | <u>(515)</u> | <u>(3,876)</u> | <u>-</u> |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | <u><u>\$ -</u></u> | <u><u>\$ 1,000</u></u> | <u><u>\$ 7,913</u></u> | <u><u>\$ 10,146</u></u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2012

| | Federal Lunch | State Lunch | Federal Forest Reserve | Federal Breakfast | TOTALS |
|---|------------------|----------------|------------------------------|----------------------|------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 2,869 | \$ 487 | \$ - | \$ 669 | \$ 15,469 |
| Due from other governments | | | | | |
| State | - | 212 | - | - | 1,212 |
| Federal | 609 | - | - | 230 | 16,952 |
| | <u>3,478</u> | <u>699</u> | <u>-</u> | <u>899</u> | <u>33,633</u> |
| TOTAL ASSETS | <u>\$ 3,478</u> | <u>\$ 699</u> | <u>\$ -</u> | <u>\$ 899</u> | <u>\$ 33,633</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 4,030 |
| Salaries and benefits payable | - | - | - | - | 4,791 |
| Due to other funds | 2,863 | 432 | - | - | 5,810 |
| Deferred revenue | 615 | 267 | - | 1,253 | 23,747 |
| | <u>3,478</u> | <u>699</u> | <u>-</u> | <u>1,253</u> | <u>38,378</u> |
| TOTAL LIABILITIES | <u>3,478</u> | <u>699</u> | <u>-</u> | <u>1,253</u> | <u>38,378</u> |
| FUND BALANCE (DEFICIT) | | | | | |
| Unassigned | - | - | - | (354) | (4,745) |
| Total Fund Balance (Deficit) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(354)</u> | <u>(4,745)</u> |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | <u>\$ 3,478</u> | <u>\$ 699</u> | <u>\$ -</u> | <u>\$ 899</u> | <u>\$ 33,633</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

| | ROE/ISC General Operations | Federal Special Education - Pre-school Discretionary | ARRA Title I School Improvement & Accountability | Career and Technical Education |
|--|----------------------------------|--|--|--------------------------------------|
| REVENUES | | | | |
| State sources | \$ 28,131 | \$ - | \$ - | \$ 57,104 |
| Federal sources | - | 363,717 | 20,032 | - |
| Total Revenue | <u>28,131</u> | <u>363,717</u> | <u>20,032</u> | <u>57,104</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | 17,956 | 140,190 | 14,134 | 53,944 |
| Purchased services | 7,521 | 211,855 | 5,898 | 3,160 |
| Supplies and materials | 2,654 | 6,355 | - | - |
| Payments to other governments | - | - | - | - |
| Total Expenditures | <u>28,131</u> | <u>358,400</u> | <u>20,032</u> | <u>57,104</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>5,317</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer out | - | (5,317) | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(5,317)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

| | Career and Technical Education Curriculum | Principal Mentoring | System of Support | McKinney-Vento Education for Homeless Children and Youth |
|--|--|------------------------|----------------------|---|
| REVENUES | | | | |
| State sources | \$ - | \$ 1,000 | \$ - | \$ - |
| Federal sources | 104 | - | 47,596 | 10,064 |
| Total Revenue | <u>104</u> | <u>1,000</u> | <u>47,596</u> | <u>10,064</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | - | 4,506 | 42,957 | 5,073 |
| Purchased services | 104 | 272 | 6,448 | 1,328 |
| Supplies and materials | - | - | - | 3,663 |
| Payments to other governments | - | - | 2,067 | - |
| Total Expenditures | <u>104</u> | <u>4,778</u> | <u>51,472</u> | <u>10,064</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>(3,778)</u> | <u>(3,876)</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer out | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>-</u> | <u>(3,778)</u> | <u>(3,876)</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u> | <u>3,263</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ -</u> | <u>\$ (515)</u> | <u>\$ (3,876)</u> | <u>\$ -</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

| | Federal Lunch | State Lunch | Federal Forest Reserve | Federal Breakfast | TOTALS |
|--|------------------|----------------|------------------------------|----------------------|-------------------|
| REVENUES | | | | | |
| State sources | \$ - | \$ 436 | \$ - | \$ - | \$ 86,671 |
| Federal sources | 12,158 | - | 1,639 | 4,742 | 460,052 |
| Total Revenue | <u>12,158</u> | <u>436</u> | <u>1,639</u> | <u>4,742</u> | <u>546,723</u> |
| EXPENDITURES | | | | | |
| Salaries and benefits | - | - | - | - | 278,760 |
| Purchased services | 11,766 | 426 | - | 4,706 | 253,484 |
| Supplies and materials | - | 10 | - | 36 | 12,718 |
| Payments to other governments | - | - | 1,639 | - | 3,706 |
| Total Expenditures | <u>11,766</u> | <u>436</u> | <u>1,639</u> | <u>4,742</u> | <u>548,668</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>392</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,945)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer out | - | - | - | - | (5,317) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(5,317)</u> |
| NET CHANGE IN FUND BALANCE | 392 | - | - | - | (7,262) |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>(392)</u> | <u>-</u> | <u>-</u> | <u>(354)</u> | <u>2,517</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (354)</u> | <u>\$ (4,745)</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNT
ROE/ISC GENERAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | Actual |
|--|------------------|---------------|---------------|
| | Original | Final | Amounts |
| REVENUES | | | |
| State sources | \$ 28,131 | \$ 28,131 | \$ 28,131 |
| Total revenues | <u>28,131</u> | <u>28,131</u> | <u>28,131</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 18,941 | 18,941 | 17,956 |
| Purchased services | 6,256 | 6,256 | 7,521 |
| Supplies and materials | 1,929 | 1,929 | 2,654 |
| Capital outlay | 995 | 995 | - |
| Other objects | 10 | 10 | - |
| Total Expenditures | <u>28,131</u> | <u>28,131</u> | <u>28,131</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNT
FEDERAL SPECIAL EDUCATION - PRESCHOOL DISCRETIONARY
FOR THE YEAR ENDED JUNE 30, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual</u> |
|--|-------------------------|----------------|----------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> |
| REVENUES | | | |
| Federal sources | \$ 175,000 | \$ 350,000 | \$ 363,717 |
| Total Revenues | <u>175,000</u> | <u>350,000</u> | <u>363,717</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 74,281 | 137,933 | 140,190 |
| Purchased services | 98,169 | 206,434 | 211,855 |
| Supplies and materials | 2,550 | 5,633 | 6,355 |
| Total Expenditures | <u>175,000</u> | <u>350,000</u> | <u>358,400</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>-</u> | <u>5,317</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer Out | <u>-</u> | <u>-</u> | <u>(5,317)</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>(5,317)</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of August 4, 2010 to August 31, 2011)
EDUCATION FUND ACCOUNT
ARRA TITLE I SCHOOL IMPROVEMENT & ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2012

| | Budgeted Amounts | | Actual Amounts Spent | | Total |
|--|------------------|----------------|----------------------|---------------|----------------|
| | Original | Final | FY 11 | FY 12 | Actual Amounts |
| REVENUES | | | | | |
| Federal sources | \$ 160,000 | \$ 160,000 | \$ 139,968 | \$ 20,032 | \$ 160,000 |
| Total Revenues | <u>160,000</u> | <u>160,000</u> | <u>139,968</u> | <u>20,032</u> | <u>160,000</u> |
| EXPENDITURES | | | | | |
| Salaries and benefits | 77,957 | 74,226 | 60,243 | 14,134 | 74,377 |
| Purchased services | 31,473 | 46,027 | 63,675 | 5,898 | 69,573 |
| Supplies and materials | 15,347 | 16,347 | 16,054 | - | 16,054 |
| Payments to other governmental units | 35,223 | 23,400 | - | - | - |
| Total Expenditures | <u>160,000</u> | <u>160,000</u> | <u>139,972</u> | <u>20,032</u> | <u>160,004</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>-</u> | <u>(4)</u> | <u>-</u> | <u>(4)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Interest | - | - | 4 | - | 4 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>4</u> | <u>-</u> | <u>4</u> |
| NET CHANGE IN FUND BALANCE | - | - | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

| | General Educational Development | Institute Fund | Bus Driver/ Transportation | Supervisory | TOTALS |
|---|---------------------------------------|-------------------|-------------------------------|-------------|------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 3,592 | \$ 14,101 | \$ 8,200 | \$ - | \$ 25,893 |
| Due from other funds | - | 11,500 | - | - | 11,500 |
| Due from other governments | | | | | |
| Local | - | - | 18 | - | 18 |
| State | 10,290 | - | - | - | 10,290 |
| TOTAL ASSETS | \$ 13,882 | \$ 25,601 | \$ 8,218 | \$ - | \$ 47,701 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 681 | \$ 1,307 | \$ 254 | \$ - | \$ 2,242 |
| Accrued payroll | - | - | 218 | - | 218 |
| Due to other funds | 11,000 | - | - | - | 11,000 |
| Deferred revenue | 4,894 | - | - | - | 4,894 |
| TOTAL LIABILITIES | 16,575 | 1,307 | 472 | - | 18,354 |
| FUND BALANCE (DEFICIT) | | | | | |
| Restricted | - | 24,294 | 7,746 | - | 32,040 |
| Unassigned | (2,693) | - | - | - | (2,693) |
| TOTAL FUND BALANCE (DEFICIT) | (2,693) | 24,294 | 7,746 | - | 29,347 |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ 13,882 | \$ 25,601 | \$ 8,218 | \$ - | \$ 47,701 |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

| | General Educational Development | Institute Fund | Bus Driver/ Transportation | Supervisory | TOTALS |
|--|---------------------------------------|-------------------|-------------------------------|--------------|------------------|
| REVENUES | | | | | |
| Local sources | \$ 32,903 | \$ 23,752 | \$ 2,814 | \$ - | \$ 59,469 |
| State sources | - | - | 1,183 | - | 1,183 |
| Total Revenues | <u>32,903</u> | <u>23,752</u> | <u>3,997</u> | <u>-</u> | <u>60,652</u> |
| EXPENDITURES | | | | | |
| Salaries and benefits | 21,834 | - | 2,615 | - | 24,449 |
| Purchased services | 8,439 | 26,511 | 1,273 | 156 | 36,379 |
| Supplies and materials | 4,567 | 1,381 | 28 | - | 5,976 |
| Other objects | 175 | - | - | - | 175 |
| Total Expenditures | <u>35,015</u> | <u>27,892</u> | <u>3,916</u> | <u>156</u> | <u>66,979</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(2,112)</u> | <u>(4,140)</u> | <u>81</u> | <u>(156)</u> | <u>(6,327)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Interest | <u>2</u> | <u>3</u> | <u>-</u> | <u>-</u> | <u>5</u> |
| Total Other Financing Sources (Uses) | <u>2</u> | <u>3</u> | <u>-</u> | <u>-</u> | <u>5</u> |
| NET CHANGE IN FUND BALANCE | (2,110) | (4,137) | 81 | (156) | (6,322) |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>(583)</u> | <u>28,431</u> | <u>7,665</u> | <u>156</u> | <u>35,669</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ (2,693)</u> | <u>\$ 24,294</u> | <u>\$ 7,746</u> | <u>\$ -</u> | <u>\$ 29,347</u> |