

**State of Illinois**  
**ADAMS AND PIKE COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #1**  
**FINANCIAL AUDIT**

FOR THE YEAR ENDED JUNE 30, 2010

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

# ADAMS AND PIKE COUNTIES REGIONAL OFFICE OF EDUCATION #1

## TABLE OF CONTENTS

Agency Officials	1
Financial Report Summary	2
Financial Statement Report Summary	3
Independent Auditors' Report	4 - 5
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	6 - 7
Summary of Auditor's Results	8
Financial Statement Findings	9 - 11
Corrective Action Plans	12 - 13
Summary Schedule of Prior Audit Findings	14
Management's Discussion and Analysis	15 - 19
Statement of Net Assets	20
Statement of Activities	21
Balance Sheet - Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	25
Statement of Fiduciary Net Assets	26
Notes to Financial Statements	27 - 40
<b>Required Supplemental Information (Other than Management's Discussion and Analysis)</b>	
Schedule of Funding Progress - Illinois Municipal Retirement Fund - IMRF	41
<b>Supplemental Information</b>	
Combining Schedule of Accounts - Education Fund	42 - 43
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Education Fund Accounts	44 - 45
Budgetary Comparison Schedule - Education Fund Accounts	46 - 51
Combining Balance Sheet - Nonmajor Special Revenue Funds	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	53
Statement of Changes in Assets and Liabilities - Agency Fund	54
Schedule of Disbursements to School District Treasurers and Other Entities	55

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1

AGENCY OFFICIALS

Regional Superintendent (Current)	Ms. Deborah Niederhauser
Regional Superintendent (During audit period)	Mr. Raymond Scheiter
Assistant Regional Superintendent (Current and during audit period)	Mr. Wilfred Flesner

Offices are Located at:

Adams County Courthouse  
507 Vermont Street  
Quincy, IL 62301

and

121 East Washington  
Pittsfield, IL 62363

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1

**FINANCIAL REPORT SUMMARY**

The financial audit testing performed during 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	3	3
Prior recommendations implemented or not repeated	0	1

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

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

**SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
10-1	9	Transactions of two entities are recorded in one accounting system	Significant Deficiency
10-2	10	Controls over financial statement preparation	Material Weakness
10-3	11	Expenditure reports did not agree to general ledger	Significant Deficiency and noncompliance

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

**EXIT CONFERENCE**

An informal exit conference was held on September 29, 2010. Attending were Deborah Niederhauser, Regional Superintendent of Schools, Wilfred Flesner, Assistant Regional Superintendent, and Shawn Williamson of Fick, Eggemeyer & Williamson, CPA's. Responses to the recommendations were provided by Deborah Niederhauser in a letter dated October 6, 2010.

**ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Adams and Pike Counties Regional Office of Education #1 was performed by Fick, Eggemeyer & Williamson, CPA's.

Based on their audit, the auditors expressed an unqualified opinion on the Adams and Pike Counties Regional Office of Education #1's basic financial statements.



# Fick, Eggemeyer & Williamson

Certified Public Accountants, PC



MEMBERS OF THE  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' 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, each major fund, and the aggregate remaining fund information of the Adams and Pike Counties Regional Office of Education #1, as of and for the year ended June 30, 2010, which collectively comprise the Adams and Pike Counties Regional Office of Education #1's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #1'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. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Adams and Pike Counties Regional Office of Education #1, as of June 30, 2010, and the respective changes in financial position, 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 December 8, 2010 on our consideration of the Adams and Pike Counties Regional Office of Education #1'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.

The Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 15-19 and 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adams and Pike Counties Regional Office of Education #1's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Fick, Eggemeyer & Williamson*

Fick, Eggemeyer, & Williamson, CPA's  
December 8, 2010



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Adams and Pike Counties Regional Office of Education #1, as of and for the year ended June 30, 2010, which collectively comprise the Adams and Pike Counties Regional Office of Education #1's basic financial statements and have issued our report thereon dated December 8, 2010. 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

In planning and performing our audit, we considered the Adams and Pike Counties Regional Office of Education #1'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 Adams and Pike Counties Regional Office of Education #1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Adams and Pike Counties Regional Office of Education #1's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 10-2 in the accompanying Schedule of Findings and Responses to be a material weakness.

A *significant deficiency* is a deficiency, or 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 deficiencies described in findings 10-1 and 10-3 in the accompanying Schedule of Findings and Responses to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Adams and Pike Counties Regional Office of Education #1'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 10-3.

We also noted certain matters which we have reported to management of the Adams and Pike Counties Regional Office of Education #1 in a separate letter dated December 8, 2010.

Adams and Pike Counties Regional Office of Education #1's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Adams and Pike Counties Regional Office of Education #1's responses and, accordingly, we express no opinion on it.

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

*Fick, Eggemeyer & Williamson*

Fick, Eggemeyer, & Williamson, CPA's  
December 8, 2010

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2010

Section I - Summary of Auditor's Results
--

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified   X   Yes        No

Significant deficiencies identified that are not considered to be material weaknesses   X   Yes        No

Noncompliance material to financial statements noted?   X   Yes        No

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2010

Section II - Financial Statement Findings

FINDING NO. 10-1  
Repeated from 09-1, 08-1, 07-1,  
06-1, 05-1, 04-1,  
03-4

TRANSACTIONS OF TWO ENTITIES ARE RECORDED IN ONE ACCOUNTING SYSTEM

**Criteria/Specified Requirement:**

According to governmental accounting standards, transactions of two separate primary government units should not be co-mingled in one general ledger system. According to GASB 14, a special purpose government is a primary government if it has the following three characteristics: a separately elected governing board; fiscal independence; and status as a separate legal entity.

**Condition:**

During the past fiscal year, the Adams and Pike Counties Regional Office of Education #1 (ROE) recorded cash transactions of the West Central Regional System #240 (WCR) in its general ledger system. The WCR has a separately elected board. It is a legally separate entity, and it is fiscally independent. The WCR administers vocational education services for the Region, and Adams and Pike Counties Regional Office of Education #1 acts as a fiscal agent for the WCR.

**Effect:**

Transactions of the WCR appear in the reports of the ROE.

**Cause:**

The Adams and Pike Counties Regional Office of Education #1 attempted to maintain a separate general ledger system for the WCR. However, the ROE continued to record certain WCR transactions in the ROE general ledger.

**Recommendation:**

The Adams and Pike Counties Regional Office of Education #1 should establish an entirely separate set of records in order to eliminate the co-mingling of the Regional Office of Education #1 and WCR accounting activity.

**Management's Response:**

Management of the Adams and Pike Counties Regional Office of Education #1 agrees with the finding. The Adams and Pike Counties Regional Office of Education #1 will work to improve the general ledger systems in order to properly separate transactions of the West Central Regional System #240.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2010

Section II - Financial Statement Findings

FINDING NO. 10-2  
Repeated from 09-2, 08-3, 07-6

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

**Criteria/Specified Requirement:**

The Adams and Pike Counties Regional Office of Education #1 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 Adams and Pike Counties Regional Office of Education #1 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries changed the Regional Office's net assets by \$180,742.
- The Regional Office did not have adequate controls over the maintenance of records of accounts receivable. Accounts receivable and grants receivable balances were adjusted at June 30, 2010 by a net total of \$21,706.

**Effect:**

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

**Cause:**

According to Regional Office officials, they did not have adequate funding to hire or train their accounting personnel.

**Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #1 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

Management of the Adams and Pike Counties Regional Office of Education #1 agrees with the finding. The Regional Office of Education #1 will employ accountants familiar with ROE operations to prepare financial statements according to GAAP standards.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2010

Section II - Financial Statement Findings

FINDING NO.	<u>10-3</u>
Repeated from	09-3, 08-4, 07-5, 06-5, 05-5

EXPENDITURE REPORTS DID NOT AGREE TO GENERAL LEDGER

**Criteria/Specified Requirement:**

Expenditure reports for education programs submitted to the Illinois State Board of Education and the Illinois Department of Human Services should agree with the expenditures reported on the Adams and Pike Counties Regional Office of Education #1's general ledger.

**Condition:**

A comparison of expenditure reports to the Adams and Pike Counties Regional Office of Education #1's general ledger revealed instances where the totals on the final 2010 expenditure reports were not consistent with the Adams and Pike Counties Regional Office of Education #1's general ledger. While the following amounts are small, given the number of inconsistencies and historical nature of the finding (repeated several years) we noted the following:

- The expenditure report submitted to the Illinois State Board of Education for the ROE/ISC Operations program reported total expenditures of \$110,555, while the general ledger showed expenditures of \$110,342 (a \$213 difference).
- The expenditure report submitted to the Illinois State Board of Education for the Truants Alternative/Optional Education program reported total expenditures of \$72,694, while the general ledger showed expenditures of \$72,415 (a \$279 difference).
- The expenditure report submitted to the Illinois Department of Human Services for the Regional Office of Prevention Effectiveness Services program reported total expenditures of \$113,620, while the general ledger showed expenditures of \$113,341 (a \$279 difference).
- The expenditure report submitted to the Illinois Department of Human Services for the Special Education Grants Infants/Toddlers program reported total expenditures of \$461,955, while the general ledger showed expenditures of \$462,775 (an \$820 difference).

**Effect:**

Inaccurate expenditure reports were submitted, which could lead to granting agencies requesting reimbursements or adjustments to the fiscal year 2011 grant amounts.

**Cause:**

The Adams and Pike Counties Regional Office of Education #1 personnel responsible for expenditure reports prepared the reports based on numbers that were not yet fully adjusted at year-end.

**Recommendation:**

The Adams and Pike Counties Regional Office of Education #1 personnel responsible for preparing the expenditure reports should use expenditures per the general ledger after all adjustments have been made.

**Management's Response:**

Management of the Adams and Pike Counties Regional Office of Education #1 agrees with the finding. Accounting personnel will not prepare reports to the Illinois State Board of Education or the Illinois Department of Human Services until all year end adjustments have been made.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
June 30, 2010

**Corrective Action Plan**

**Finding No. 10-1**

**Condition:** During the past fiscal year, the Adams and Pike Counties Regional Office of Education #1 (ROE) recorded cash transactions of the West Central Regional System #240 (WCR) in its general ledger system. The WCR has a separately elected board. It is a legally separate entity, and it is fiscally independent. The WCR administers vocational education services for the Region, and Adams and Pike Counties Regional Office of Education #1 acts as a fiscal agent for the WCR.

**Plan:** The Adams and Pike Counties Regional Office of Education #1 will work to improve the general ledger systems in order to properly separate transactions of the West Central Regional System #240.

**Anticipated Completion Date:** October 2010

**Contact Name:** Regional Superintendent Deborah Niederhauser

**Corrective Action Plan**

**Finding No. 10-2**

**Condition:** The Adams and Pike Counties Regional Office of Education #1 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries changed the Regional Office's net assets by \$180,742.
- The Regional Office did not have adequate controls over the maintenance of records of accounts receivable. Accounts receivable and grants receivable balances were adjusted at June 30, 2010 by a net total of \$21,706.

**Plan:** The Adams and Pike Counties Regional Office of Education #1 will employ accountants familiar with ROE operations to prepare financial statements according to GAAP standards.

**Anticipated Completion Date:** October 2010

**Contact Name:** Regional Superintendent Deborah Niederhauser

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
June 30, 2010

**Corrective Action Plan**  
**Finding No. 10-3**

**Condition:** A comparison of expenditure reports to the Adams and Pike Counties Regional Office of Education #1's general ledger revealed instances where the totals on the final 2010 expenditure reports were not consistent with the Adams and Pike Counties Regional Office of Education #1's general ledger. While the following amounts are small, given the number of inconsistencies and historical nature of the finding (repeated several years) we noted the following:

- The expenditure report submitted to the Illinois State Board of Education for the ROE/ISC Operations program reported total expenditures of \$110,555, while the general ledger showed expenditures of \$110,342 (a \$213 difference).
- The expenditure report submitted to the Illinois State Board of Education for the Truants Alternative/Optional Education program reported total expenditures of \$72,694, while the general ledger showed expenditures of \$72,415 (a \$279 difference).
- The expenditure report submitted to the Illinois Department of Human Services for the Regional Office of Prevention Effectiveness Services program reported total expenditures of \$113,620, while the general ledger showed expenditures of \$113,341 (a \$279 difference).
- The expenditure report submitted to the Illinois Department of Human Services for the Special Education Grants Infants/Toddlers program reported total expenditures of \$461,955, while the general ledger showed expenditures of \$462,775 (an \$820 difference).

**Plan:** Accounting personnel will not prepare reports to the Illinois State Board of Education or the Illinois Department of Human Services until all year end adjustments have been made.

**Anticipated Completion Date:** October 2010

**Contact Name:** Regional Superintendent Deborah Niederhauser

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2010

<u>Prior Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
09-1	Transactions of two entities are recorded in one accounting system.	Repeated as 10-1
09-2	Controls over financial statement preparation	Repeated as 10-2
09-3	Expenditure reports did not agree to general ledger.	Repeated as 10-3

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Adams and Pike Counties Regional Office of Education #1 (ROE) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the ROE's financial statements, which follow.

### **2010 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$508,338 in fiscal year 2009 (FY09) to \$431,503 in fiscal year 2010 (FY10), while General Fund expenditures decreased from \$536,176 in FY09 to \$511,029 in FY10. This resulted in a decrease in the ROE's General Fund balance from \$149,563 in FY09 to \$70,037 in FY10, a 53% decrease from the prior year.
- Education Fund revenues decreased from \$1,362,582 in fiscal year 2009 (FY09) to \$1,307,106 in fiscal year 2010 (FY10), while Education Fund expenditures decreased from \$1,342,237 in FY09 to \$1,325,560 in FY10. This resulted in a decrease in the Education Fund balance from \$258,823 in FY09 to \$240,369 in FY10, a 7% decrease from the prior year.

### **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'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 as a whole and present an overall view of the ROE'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's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with a comparison of the ROE's budget for the year and provides detailed information about the nonmajor funds.

### **REPORTING THE AGENCY AS A WHOLE**

#### *The Statement of Net Assets and the Statement of Activities*

The Government-wide statements report information about the ROE as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all the ROE'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's net assets and how they have changed. Net assets – the difference between the ROE's assets and liabilities – are one way to measure the agency's financial health or position.

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

In the Government-wide financial statements, the ROE's activities are reported as:

- *Governmental activities*: All of the ROE's services are included here, such as Regional Safe Schools instruction, drug prevention education, instructional staff support services and administration. Federal and State grants finance most of these activities.

### *Fund Financial Statements*

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

The ROE has two kinds of funds:

- 1) Governmental funds account for all of the ROE's services. These focus on how cash and other financial assets can readily be converted to cash flow and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the ROE's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information immediately following each of the governmental fund statements explains the relationship or difference between the two statements. The ROE's governmental funds include: 1) the General Fund, and 2) the Special Revenue funds.
- 2) Fiduciary funds account for funds received from the State Board of Education and distributed to school districts and other organizations in the region.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The ROE's net assets at the end of FY10 totaled \$590,350. This is compared to \$556,578 at the end of FY09. The analysis that follows provides a summary of the ROE's net assets at June 30, 2010 and 2009 for governmental activities.

	<b>Condensed Statement of Net Assets</b>	
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Current and other assets	\$675,770	\$581,799
Capital assets	<u>53,148</u>	<u>30,598</u>
Total assets	<u>728,918</u>	<u>612,397</u>
Other liabilities	<u>138,568</u>	<u>55,819</u>
Total liabilities	<u>138,568</u>	<u>55,819</u>
Net assets:		
Invested in capital assets	53,148	30,598
Unrestricted	522,622	503,508
Restricted for teacher professional development	<u>14,580</u>	<u>22,472</u>
Total net assets	<u>\$590,350</u>	<u>\$556,578</u>

The ROE's combined net assets increased by \$33,772 from FY09. The increase was a result of decreasing expenditures and increasing revenues during the year ended June 30, 2010. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

The following analysis shows the changes in net assets for the years ended June 30, 2010 and 2009.

	<b>Change in Net Assets</b>	
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 1,357,322	\$ 1,278,292
General revenues:		
Registration, certification and permit fees	89,891	92,869
Local sources	245,489	260,186
State sources	110,645	142,726
On-behalf payments	275,572	237,983
Interest income	<u>338</u>	<u>591</u>
Total revenues	<u>2,079,257</u>	<u>2,012,647</u>
Program expenses:		
Instructional services	1,769,913	1,808,222
Administrative expenses:		
On-behalf payments - state	<u>275,572</u>	<u>237,983</u>
Total expenses	<u>2,045,485</u>	<u>2,046,205</u>
Change in net assets	33,772	(33,558)
Net assets, beginning of year	<u>556,578</u>	<u>590,136</u>
Net assets, end of year	<u>\$ 590,350</u>	<u>\$ 556,578</u>

Operating grants and contributions from local, state and federal sources account for 65.3% of the total revenue. The ROE's expenses primarily relate to instructional services, which account for 86.5% of the total expenses.

## **Governmental activities**

Revenues from governmental activities were \$2,079,257 and expenses were \$2,045,485. In a difficult budget year, the ROE was able to keep expenditures below revenue which resulted in an increase in net assets.

## **FINANCIAL ANALYSIS OF THE ROE'S FUNDS**

As previously noted, the Adams and Pike Counties Regional Office of Education #1 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The ROE's governmental funds reported combined fund balance of \$359,433, below last year's ending fund balance of \$525,980. The primary reason for the decrease in combined fund balances in FY10 was an increase in expenditures over revenues.

## **Governmental Fund Highlights**

- General Fund revenues decreased from \$508,338 in fiscal year 2009 (FY09) to \$431,503 in fiscal year 2010 (FY10), while General Fund expenditures decreased from \$536,176 in FY09 to \$511,029 in FY10. This resulted in a decrease in the ROE's General Fund balance from \$149,563 in FY09 to \$70,037 in FY10, a 53% decrease from the prior year.
- The ROE's decreasing General Fund position is the product of many factors, including an increase in expenditures for services to school districts. Revenues and expenditures both decreased for the fiscal year. Because expenditures exceeded revenues, a decrease in the general fund balance was realized.
- Education Fund revenues decreased from \$1,362,582 in fiscal year 2009 (FY09) to \$1,307,106 in fiscal year 2010 (FY10), while Education Fund expenditures decreased from \$1,342,237 in FY09 to \$1,325,560 in FY10. This resulted in a decrease in the Education Fund balance from \$258,823 in FY09 to \$240,369 in FY10, a 7% decrease from the prior year.
- The ROE's decreasing Education Fund position is the result of the revenues decreasing more than the decrease in expenditures during FY10.

## **BUDGETARY HIGHLIGHTS**

The ROE was not required to adopt annual budgets for all funds under its control and is not legally required to do so. The ROE submits its budget to the State Board of Education and all other grantors that require it. The budgets may be amended during the year utilizing procedures prescribed by the particular grantor. Over the course of the year, the ROE amended certain operating budgets to reflect additional revenue and expenditures associated with the additional services needed and provided. Budgetary comparison schedules are provided in the financial statements on pages 46-51.

## **CAPITAL ASSETS**

At June 30, 2010, the ROE had invested \$53,148, net of accumulated depreciation, in various capital assets including computers, furniture and equipment. Current year asset additions were \$43,782.

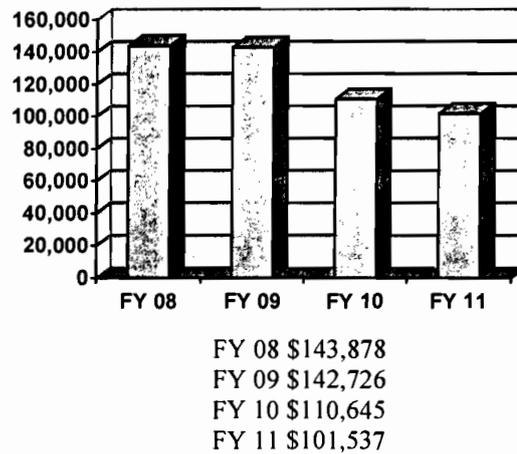
The ROE had depreciation expense of \$21,232 in FY10 and total accumulated depreciation of \$285,943 at June 30, 2010. More detailed information about capital assets is available in Note 9 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- The ROE experienced reduced funding for ROE operations in the prior two years. In FY10, the ROE experienced reduced funding of \$32,081. For FY11, the ROE expects another drop in funding for ROE operations.
- The ROE expects funding from the County to increase by approximately 3% per year for many years to come.

### **ROE Operations Grant**



The ROE operations grant has decreased 29% through FY 11.

## CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the ROE's financial statement users with a general overview of the ROE's finances and to demonstrate the ROE's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Assistant Superintendent of the Adams and Pike Counties Regional Office of Education #1, 507 Vermont, Quincy, IL 62301.

## Basic Financial Statements

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 306,847
Grants receivable	365,046
Accounts receivable	1,850
Prepaid items	2,027
Total current assets	675,770
Noncurrent assets:	
Capital assets, net of depreciation	53,148
Total noncurrent assets	53,148
<b>TOTAL ASSETS</b>	<b>\$ 728,918</b>
 <b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 125,333
Due to other agency	12,735
Payroll taxes and liabilities payable	500
Total current liabilities	138,568
<b>TOTAL LIABILITIES</b>	<b>\$ 138,568</b>
 <b>NET ASSETS</b>	
Invested in capital assets	\$ 53,148
Unrestricted net assets	522,622
Restricted for teacher professional development	14,580
<b>TOTAL NET ASSETS</b>	<b>\$ 590,350</b>

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

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense)
		Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<b>Primary government:</b>				
Instructional services:				
Salaries and benefits	\$ 784,328	\$ 624,227	\$ -	\$ (160,101)
Purchased services	383,352	217,006	-	(166,346)
Travel and entertainment	78,836	61,658	-	(17,178)
Supplies and materials	68,360	53,971	-	(14,389)
Institute expenses and workshops	23,976	-	-	(23,976)
Depreciation	21,232	-	-	(21,232)
Capital outlay	-	24,149	-	24,149
Communication	12,500	-	-	(12,500)
Postage and copies	7,122	2	-	(7,120)
Payments to other governmental units	384,210	376,309	-	(7,901)
Other	5,997	-	-	(5,997)
Administrative:				
On-behalf payments - State	275,572	-	-	(275,572)
Total governmental activities	<u>2,045,485</u>	<u>1,357,322</u>	<u>-</u>	<u>(688,163)</u>
Total primary government	<u>\$ 2,045,485</u>	<u>\$ 1,357,322</u>	<u>\$ -</u>	<u>(688,163)</u>
General revenues:				
Registration, certification and permit fees				89,891
Local sources				245,489
State sources				110,645
On-behalf payments				275,572
Interest income				338
Total general revenues				<u>721,935</u>
Changes in net assets				33,772
Net assets - beginning				<u>556,578</u>
Net assets - ending				<u>\$ 590,350</u>

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

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 61,755	\$ 182,636	\$ 62,456	\$ 306,847
Grants receivable	75,645	289,401	-	365,046
Accounts receivable	1,850	-	-	1,850
Prepaid items	349	1,678	-	2,027
<b>TOTAL ASSETS</b>	<b><u>\$ 139,599</u></b>	<b><u>\$ 473,715</u></b>	<b><u>\$ 62,456</u></b>	<b><u>\$ 675,770</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 3,417	\$ 121,222	\$ 694	\$ 125,333
Deferred revenue	65,645	112,124	-	177,769
Due to other agency	-	-	12,735	12,735
Payroll taxes and liabilities payable	500	-	-	500
<b>TOTAL LIABILITIES</b>	<b><u>69,562</u></b>	<b><u>233,346</u></b>	<b><u>13,429</u></b>	<b><u>316,337</u></b>
<b>FUND BALANCES</b>				
Fund balance - reserved	-	-	-	-
Fund balance - unreserved and undesignated	70,037	240,369	49,027	359,433
<b>TOTAL FUND BALANCES</b>	<b><u>70,037</u></b>	<b><u>240,369</u></b>	<b><u>49,027</u></b>	<b><u>359,433</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 139,599</u></b>	<b><u>\$ 473,715</u></b>	<b><u>\$ 62,456</u></b>	<b><u>\$ 675,770</u></b>

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

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010

Total fund balances - governmental funds	\$ 359,433
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.	177,769
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$339,091 and the accumulated depreciation is \$285,943.	<u>53,148</u>
Net assets of governmental activities	<u><u>\$ 590,350</u></u>

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

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Education Fund	Other Non-Major Funds	Total Governmental Funds
<u>Revenues:</u>				
Registration, certification and permit fees	\$ 34,685	\$ 7,425	\$ 47,781	\$ 89,891
Local sources	119,032	57,098	69,359	245,489
State sources	45,000	1,009,170	2,852	1,057,022
State sources - on behalf payments	275,572	-	-	275,572
Federal sources	-	233,176	-	233,176
Interest income	52	237	49	338
Total revenues	<u>474,341</u>	<u>1,307,106</u>	<u>120,041</u>	<u>1,901,488</u>
<u>Expenditures:</u>				
Instructional services:				
Salaries and benefits	167,138	591,605	25,585	784,328
Salaries and benefits - on behalf payments	275,572	-	-	275,572
Purchased services	61,621	204,651	117,080	383,352
Travel and entertainment	9,522	62,594	6,720	78,836
Supplies and materials	7,496	53,508	7,356	68,360
Institute expenses and workshops	-	-	23,976	23,976
Communication	9,908	1,401	1,191	12,500
Postage and copies	6,369	753	-	7,122
Payments to other governmental units	-	384,210	-	384,210
Other	4,489	785	723	5,997
Capital outlay	11,752	26,053	5,977	43,782
Total expenditures	<u>553,867</u>	<u>1,325,560</u>	<u>188,608</u>	<u>2,068,035</u>
Net change in fund balances	(79,526)	(18,454)	(68,567)	(166,547)
Fund balance - beginning	<u>149,563</u>	<u>258,823</u>	<u>117,594</u>	<u>525,980</u>
Fund balance - ending	<u>\$ 70,037</u>	<u>\$ 240,369</u>	<u>\$ 49,027</u>	<u>\$ 359,433</u>

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

ADAMS AND PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 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, 2010

Net change in fund balances		\$	(166,547)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.			177,769
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	43,782		
Depreciation expense	<u>(21,232)</u>		<u>22,550</u>
Change in net assets of governmental activities		<u>\$</u>	<u>33,772</u>

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

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2010

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash	\$ <u>          3</u>
Total assets	<u>\$ <u>          3</u></u>
<b>LIABILITIES</b>	
Accumulated interest payable	\$ <u>          3</u>
Total liabilities	<u>\$ <u>          3</u></u>

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

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Adams and Pike Counties Regional Office of Education #1 (ROE) conforms to U.S. generally accepted accounting principles, which are appropriate for local governmental units of this type.

A. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities present financial information about the Adams and Pike Counties Regional Office of Education #1 as a whole. These statements include the financial activities of the primary government. Governmental activities of the agency are generally funded by State and federal grants.

The Government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation between the government-wide statements and the fund financial statements.

The Statement of Net Assets presents the financial condition of the governmental activities of the agency at year-end. The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the agency.

Fund Financial Statements - The accounts of the Adams and Pike Counties Regional Office of Education #1 are organized on a fund basis, each of which is considered a separate accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. The financial activities of the Adams and Pike Counties Regional Office of Education #1 accounted for in the accompanying financial statements have been classified into the following fund categories:

Governmental Fund Types

**General Fund** - General fund is the general operating fund of the agency. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund consists of the Agency's ROE operations grant and minor activities such as copier and postage reimbursements.

**Special Revenue Funds** - Transactions related to resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes are accounted for in special revenue funds.

Fiduciary Fund Types

**Agency Funds** - Agency funds consist of funds received from the State Board of Education and distributed by the Adams and Pike Counties Regional Office of Education #1 to school districts and other organizations. These funds are custodial in nature and do not involve the measurement of the results of operations.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a process for determining if a fund should be reported as a major fund based upon each fund's portion of total assets, liabilities, revenues, or expenditures/expenses. Funds that do not meet the major fund determination requirements are reported in aggregate as non-major funds. Adams and Pike Counties Regional Office of Education #1 has presented all major funds that meet the above qualifications.

**B. 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.

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 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. 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.

Under the terms of grant agreements, the Adams and Pike Counties Regional Office of Education #1 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 Adams and Pike Counties Regional Office of Education #1's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Financial Reporting Entity**

The Regional Superintendent is charged with responsibility for registration of the names of applicants for scholarships to State controlled universities; GED examinations and related duties; direction of school officers; teacher and administrator institutes; evaluation of the schools in the region; examination of evidence of indebtedness; teacher certifications; and retention of school district financial reports. 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 Adams and Pike Counties Regional Office of Education #1 districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections, investigating bus drivers for valid bus permits and taking related action as may be required; maintaining a list of unfilled teaching positions, and carrying out other related duties required or permitted by law. The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts under his control are properly bonded. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for districts in the region, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2010, the ROE applied for, received, and administered numerous State and Federal programs and grants in assistance and support of educational activities of the school districts in Adams and Pike Counties Regional Office of Education #1. Such activities are reported as a single major special revenue fund (the Education Fund).

Operating grants are given to the ROE by Adams and Pike counties in accordance with legally adopted budgets approved by the respective county boards. These grants help fund four salaries, postage, printing, and some mileage expenses of the ROE.

The Adams and Pike Counties Regional Office of Education #1 reporting entity includes all related organizations for which it exercises oversight responsibility. The ROE has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the Adams and Pike Counties Regional Office of Education #1, 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 ROE exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

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 ROE does not control the assets, operations or management of the districts or joint agreements. In addition, the ROE is not aware of any entity, which would exercise such oversight as to result in the ROE being considered a component unit of the entity.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Government-wide Statements

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

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

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

*Restricted for teacher professional development* – The Institute Fund accounts for teacher registration fees. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers.

E. Budgets and budgetary accounting

The Adams and Pike Counties Regional Office of Education #1 does not adopt a formal budget and is not legally required to do so for all revenues and expenditures of the governmental funds. The following special revenue funds have budgets:

Administrators Academy  
Regional Office of Prevention Effectiveness Services  
Truants Alternative and Optional Education  
Gifted Education  
Student Assistance Program  
McKinney Education for Homeless  
Regional Safe Schools  
Special Education Grants Infant/ Toddler  
Juvenile Justice  
Title I – Reading First  
Teachers and Administrators Mentoring Program

- F. Capital Assets - Capital assets are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value to an asset or materially extend an asset’s life are not capitalized.

Depreciation is calculated using the straight-line method. Equipment has been depreciated over 5 years and furniture has been depreciated over 7 years.

- G. Total Columns - Total columns represent an aggregation of the fund type financial statements. They are presented for information only and do not represent consolidated financial information.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 2 - DESCRIPTION OF FUNDS**

The Education funds are used to account for various grants supporting education enhancement programs and are major special revenue funds. The following is a brief description of each of the current Adams and Pike Counties Regional Office of Education #1 Education funds:

- A. Administrators Academy - The Adams and Pike Counties Regional Office of Education #1 received a State grant to provide workshops for area teachers.
- B. Regional Office of Prevention Effectiveness Services - This is a State grant to provide substance abuse prevention for youth ages 10-17 in Calhoun, Greene, Cass and Morgan Counties.
- C. Truants Alternative and Optional Education Program - This was a State grant to provide counseling and incentives for problem students.
- D. Gifted Education - This is a State and local grant to train teachers to work with highly intelligent student.
- E. General State Aid - This fund maintains revenues received from the State Board of Education earned on a per child basis and administers related program expenditures.
- F. Student Assistance Program - This was a State grant to provide substance abuse prevention for youth ages 10-17 in Adams and Pike Counties.
- G. State Free Lunch and Breakfast - This was a State grant that provides free lunches and breakfasts to students eligible to receive free meals.
- H. Truancy Reduction - A grant to improve daily school attendance.
- I. National School Lunch Program - This was a federal grant that provides nutritionally balanced, low-cost or free lunches to children each school day.
- J. McKinney Education for Homeless Children - The Adams and Pike Counties Regional Office of Education #1 received a State grant to provide for a local homeless liaison to help homeless students in the Region.
- K. Regional Safe Schools - The Adams and Pike Counties Regional Office of Education #1 receives a grant to assist in making schools safer. The agency is currently contracting with Quincy #172 and Pikeland to maintain the program.
- L. Bilingual Education - A grant for school districts to assist them in educating elementary and secondary limited English proficient students.
- M. Technology Prep Additional - A program which funds a college sponsored workshop for technology teacher education.
- N. School Breakfast Program - A federal grant that provides cash assistance to states to operate nonprofit breakfast programs in schools.
- O. Special Education Grants Infant/Toddler - The Adams and Pike Counties Regional Office of Education #1 received a federal grant provided by the Department of Human Services to fund a program for pre-school children with disabilities.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 2 - DESCRIPTION OF FUNDS (Continued)**

- P. American Recovery and Reinvestment Act (ARRA) - General State Aid - A federal grant used to support payments of the General State Aid formula to the Adams and Pike Counties Regional Office of Education #1.
- Q. Juvenile Justice - A federal grant to provide information and counseling to truants and families of truants.
- R. Schools Against Fearful Environments (SAFE) - A program that provides security service from the Sheriff's Department to local school districts.
- S. English Language Learners - The Adams and Pike Counties Regional Office of Education #1 received a federal grant to help teachers work with non-English-speaking immigrants.
- T. Language Instruction Program for Limited English Proficient Students (LIPLEPS) – The ROE received a federal grant to train teachers to deal with the children of immigrant workers.
- U. Title I – Reading First - A federal grant that focuses on putting proven methods of early reading instruction in classrooms.
- V. System of Support - The Adams and Pike Counties Regional Office of Education #1 received a grant to assist schools and improve annual school planning.
- W. Teachers and Administrators Mentoring Program - A two-year comprehensive induction/mentoring program based on the State-approved Induction for the 21st Century Educator model.

The following is a brief description of each non-major special revenue fund:

- X. Institute Fund (Adams and Pike Counties) - The Institute Fund is authorized by Section 3-12 of The School Code of Illinois (Illinois. Rev. Stat. 1987, ch. 122, para. 3-12). All examination, registration and renewal fees are paid into the Institute Fund, which is used to defray administrative expenses incidental to teacher's institutes, workshops, or meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.
- Y. General Education Development Fund - This fund was established to administer the high school level test of General Education Development.
- Z. Supervisory Fund - A State grant to provide for the travel of the Regional Superintendent.
- AA. Bus Driver Fees - This fund is financed by bus driver permit fees, which are used for training purposes.
- BB. Miscellaneous Fund - This fund represents an accumulation of unused grant funds from programs that no longer exist.
- CC. Pike Co. Film Cooperative Fund - This fund is financed by contributions from the six member schools within Pike County based on an amount equal to \$1.25 per enrolled student.
- DD. Fingerprinting - This fund performs fingerprint-based criminal history record checks.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 2 - DESCRIPTION OF FUNDS (Continued)**

The following is a brief description of the Adams and Pike Counties Regional Office of Education #1's agency fund:

- EE. Distributive Fund – The ROE receives funds from the State Board of Education which it distributes to school districts and other organizations.

**Note 3 - CASH AND CASH EQUIVALENTS**

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Adams and Pike Counties Regional Office of Education #1's deposits may not be returned to it. The Adams and Pike Counties Regional Office of Education #1 does not have a deposit policy for custodial credit risk. At June 30, 2010, the carrying amount of the ROE deposits was \$306,850 (including \$3 of fiduciary fund cash) and the bank balance was \$351,619. Of the total bank balances as of June 30, 2010, \$265,840 was secured by federal depository insurance, \$85,776 by the Temporary Liquidity Guarantee Program, and \$3 was held in the Illinois Funds Money Market. The Temporary Liquidity Guarantee Program is a program that guarantee's all deposits in non interest-bearing transaction deposit accounts held in domestic offices of participating FDIC-insured institutions.

B. Investments

The Adams and Pike Counties Regional Office of Education #1 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2010, the Adams and Pike Counties Regional Office of Education #1 had investments with carrying and fair values of \$3 invested in the Illinois Funds Money Market.

**Credit Risk**

At June 30, 2010, the Illinois Funds Money Market Fund had a Standards and Poor's AAA rating. The pool is audited annually by an outside independent auditor, and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investments 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 to have an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

**Concentration of Credit Risk**

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

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 4 - OTHER REQUIRED FUND DISCLOSURES**

Deficit fund balances at June 30, 2010 are as follows:

Regional Office of Prevention Effectiveness Services	\$ 1,938
Truants Alternative and Optional Education	\$ 24,679
Regional Safe Schools	\$ 37,442
School Breakfast Program	\$ 1,169
English Language Learners	\$ 603
Teachers and Administrators Mentoring Program	\$ 47,164

**Note 5 - COMPENSATED ABSENCES**

Non-certified and certified employees who work 12 calendar months earn 10 to 20 vacation days for each full year of service, depending on years of service. At the end of each fiscal year, accumulated and carried forward vacation time can be up to 10 days. Employee vacation pay is recorded when paid. Accumulated unpaid vacation benefits were not determined but are not material in relation to the financial statements as a whole in the opinion of management. Upon termination, employees do not receive accrued vacation pay, and therefore, no liability is recorded.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to one year and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is recorded.

**Note 6 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS**

Statement of Financial Accounting Standards, No. 107, "*Disclosures about Fair Value of Financial Instruments*," requires certain entities to disclose the estimated fair value of their financial instrument assets and liabilities. The Adams and Pike Counties Regional Office of Education #1's financial instruments consist principally of cash and cash equivalents, receivables and payables. There are no significant differences between the carrying value and fair value of any of these financial instruments.

**Note 7 - ON-BEHALF PAYMENTS**

Regional Superintendent Salary	\$ 96,435
Regional Superintendent Fringe Benefits (includes State paid insurance)	19,747
Assistant Regional Superintendent Salary	86,791
Assistant Regional Superintendent Fringe Benefits (includes State paid insurance)	14,979
Contributions to TRS and THIS	<u>57,620</u>
Total	<u>\$ 275,572</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. Pension contribution data for Teachers' Retirement System participants was obtained from the Teachers' Retirement System of the State of Illinois.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 8 - OPERATING LEASES**

At June 30, 2010, the ROE was a party to the following lease agreements:

On June 1, 2010, the Children and Family Connections Program of the Regional Office of Education entered into a one-year lease for office space with WCU Tower Corporation. The monthly lease payment is \$800.

Future minimum lease payments are as follows:

	<u>Amount</u>
For the fiscal years ending, June 30, 2011	<u>\$ 8,800</u>
Total future minimum lease payments	<u>\$ 8,800</u>

**Note 9 - CAPITAL ASSETS**

A summary of capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
<i>Capital assets being depreciated:</i>				
Office furniture	\$ 23,772	\$ -	\$ -	\$ 23,772
Office equipment	291,475	43,782	19,938	315,319
Total capital assets being depreciated	315,247	43,782	19,938	339,091
<i>Less accumulated depreciation for:</i>				
Office furniture	23,310	116	-	23,426
Office equipment	261,339	21,116	19,938	262,517
Total accumulated depreciation	284,649	21,232	19,938	285,943
Governmental activity capital assets, net	\$ 30,598	\$ 22,550	\$ -	\$ 53,148

Depreciation policies are disclosed in Note 1. Depreciation expense for the fiscal year ended June 30, 2010, was \$21,232.

**Note 10 - DISTRIBUTIVE FUND INTEREST**

The Adams and Pike Counties Regional Office of Education #1 has agreements with its school districts that it may keep and use Distributive Fund interest for purposes that benefit all districts in Adams and Pike Counties.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 11 - DUE TO WCR**

At June 30, 2010, the West Central Region (WCR) #240 was due \$12,735 from the Adams and Pike Counties Regional Office of Education #1. These monies were due for grant monies that were deposited into the Adams and Pike Counties Regional Office of Education #1's bank account, but were for the West Central Region #240.

**Note 12 - DEFINED BENEFIT PENSION PLAN**

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

*Funding Policy.* As set by statute, the employer Regular plan members are required to contribute 4.50% 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 employees. The employer contribution rate for calendar year 2009 was 1.20% of annual covered payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For the year ending December 31, 2009, the employer's annual pension cost of \$7,092 for the Regular plan was equal to the employer's required and actual contributions.

**Three-Year Trend Information for the Regular Plan**

Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12-31-09	7,092	100%	\$ 0
12-31-08	22,145	100%	0
12-31-07	22,933	100%	0

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.50% investment rate of return (net of administrative expenses and direct investment expenses), (b) projected salary increases of 4.00% per year, attributable to inflation (c) additional projected salary increases ranging from .4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 1 year.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 12 - DEFINED BENEFIT PENSION PLAN (Continued)**

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 82.60 percent funded. The actuarial accrued liability for benefits was \$995,689 and the actuarial value of assets was \$822,488, resulting in an underfunded actuarial accrued liability (UAAL) of \$173,201. The covered payroll (annual payroll of active employees covered by the plan) was \$590,965 and the ratio of the UAAL to covered payroll was 29 percent. In conjunction with the December 2009 actuarial valuation the market value of investments over a five – year period using a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10 year basis.

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 13 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

The Adams and Pike Counties Regional Office of Education #1 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the 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 the TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2010, was 9.4 percent of creditable earnings. 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, 2009 and 2008.

The State of Illinois makes contributions directly to TRS on behalf of the Adams and Pike Counties Regional Office of Education #1 TRS-covered employees.

- **On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Adams and Pike Counties Regional Office of Education #1. For the year ended June 30, 2010, State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the Adams and Pike Counties Regional Office of Education #1 recognized revenue and expenditures of \$57,107 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009, and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$16,531) and 13.11 percent (\$9,836), respectively.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 13 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)**

The Adams and Pike Counties Regional Office of Education #1 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$354. Contributions for the years ending June 30, 2009, and June 30, 2008, were \$527 and \$347, respectively.
- **Federal and trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Adams and Pike Counties Regional Office of Education #1, there is a statutory requirement for the Adams and Pike Counties Regional Office of Education #1 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 of TRS.

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010 salaries totaling \$48,164 were paid from federal and special trust funds that required employer contributions of \$11,261. For the years ended June 30, 2009 and June 30, 2008, required Adams and Pike Counties Regional Office of Education #1 contributions were \$7,987 and \$2,983, respectively.

- **Early Retirement Option (ERO).** The Adams and Pike Counties Regional Office of Education #1 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

Public Act 94-0004 made changes in the ERO program that were in effect for all ERO retirements in fiscal 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service.

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

For the three years ended June 30, 2010, the Adams and Pike Counties Regional Office of Education #1 paid no employer contributions under the Early Retirement Option.

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two additional employer contributions to TRS.

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

For the three years ended June 30, 2010, the Adams and Pike Counties Regional Office of Education #1 paid no employer contributions under salary increases over 6 percent.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 13 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)**

If an employer grants sick leave days in excess of normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010).

For the three years ended June 30, 2010, the Adams and Pike Counties Regional Office of Education #1 paid no employer contributions under excess sick leave.

TRS financial information, an explanation of TRS benefits, and descriptions of members, employer and state funding requirements can be found in the *TRS Comprehensive Annual Financial Report* for the year ended June 30, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010. The reports may be obtained by writing to the Teacher's 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 [trs.illinois.gov](http://trs.illinois.gov).

**Note 14 - TEACHERS' HEALTH INSURANCE SECURITY FUND**

The Adams and Pike Counties Regional Office of Education #1 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. 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. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. 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.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

- **On-behalf contributions.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Adams and Pike Counties Regional Office of Education #1. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$513, and the Adams and Pike Counties Regional Office of Education #1 recognized revenue and expenditures of this amount during the year. Had the Adams and Pike Counties Regional Office of Education #1 recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008, under the current standards, the contribution match would have been .84 percent of pay or \$813 and \$630, respectively.

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 14 - TEACHERS' HEALTH INSURANCE SECURITY FUND (Continued)**

- **Employer Contributions to THIS Fund.** The Adams and Pike Counties Regional Office of Education #1 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009 and June 30, 2008. For the year ended June 30, 2010, the Adams and Pike Counties Regional Office of Education #1 paid \$897 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the Adams and Pike Counties Regional Office of Education #1 paid \$1,335 and \$880 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

**Note 15 - OTHER POSTEMPLOYMENT BENEFITS**

The Adams and Pike Counties Regional Office of Education #1 has evaluated its potential other post employment benefits liability. Former employees who choose to retain their rights to health insurance through the Adams and Pike Counties Regional Office of Education #1 are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Adams and Pike Counties Regional Office of Education #1's health insurance plan. Therefore, there has been zero percent utilization and therefore no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Adams and Pike Counties Regional Office of Education #1 had no former employees for which the Adams and Pike Counties Regional Office of Education #1 was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Adams and Pike Counties Regional Office of Education #1 has not recorded any post employment benefit liability as of June 30, 2010.

**Note 16 - NEW ACCOUNTING PRONOUNCEMENT**

Effective for the year ending June 30, 2010, the Adams and Pike Counties Regional Office of Education #1 adopted the following GASB Statements:

- a) GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.
- b) GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.
- c) GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.
- d) GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

There was no significant impact on the Adams and Pike Counties Regional Office of Education #1's financial statements as a result of adopting statements 45, 51, 53 and 58.

**Required Supplemental Information  
(Other than Management's Discussion & Analysis)**

ADAMS AND PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 Illinois Municipal Retirement Fund (IMRF)  
 (UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability 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]
12/31/2009	822,488	995,689	173,201	82.60%	590,965	29.31%
12/31/2008	793,365	910,330	116,965	87.15%	601,769	19.44%
12/31/2007	873,007	796,119	(76,888)	109.66%	546,015	0%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$794,890. On a market basis, the funded ratio would be 79.83%

## SUPPLEMENTAL INFORMATION

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2010

	Administrators Academy	Regional Office of Prevention Effectiveness Services	Truants Alternative and Optional Education	Gifted Educator	General State Aid	Student Assistance Program	State Free Lunch and Breakfast	Truancy Reduction	National School Lunch Program	McKinney Education for Homeless Children	Regional Safe Schools	Bilingual Education
<b>ASSETS</b>												
Cash and cash equivalents	\$ 269	\$ (35,518)	\$ (38,628)	\$ 27,882	\$ 252,370	\$ 1,673	\$ 1,672	\$ -	\$ (361)	\$ (1,508)	\$ 2,256	\$ -
Grants receivable	-	33,300	38,827	-	-	-	34	-	603	3,123	119,698	-
Prepaid items	-	280	349	-	-	140	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 269</b>	<b>\$ (1,938)</b>	<b>\$ 548</b>	<b>\$ 27,882</b>	<b>\$ 252,370</b>	<b>\$ 1,813</b>	<b>\$ 1,706</b>	<b>\$ -</b>	<b>\$ 242</b>	<b>\$ 1,615</b>	<b>\$ 121,954</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCE</b>												
<b>Liabilities</b>												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,698	\$ -
Deferred revenue	-	-	25,227	-	-	-	34	-	-	-	39,698	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>25,227</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159,396</b>	<b>-</b>
<b>Fund balances</b>												
Fund balance - reserved	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance - unreserved	269	(1,938)	(24,679)	27,882	252,370	1,813	1,672	-	242	1,615	(37,442)	-
<b>Total fund balance (deficit)</b>	<b>269</b>	<b>(1,938)</b>	<b>(24,679)</b>	<b>27,882</b>	<b>252,370</b>	<b>1,813</b>	<b>1,672</b>	<b>-</b>	<b>242</b>	<b>1,615</b>	<b>(37,442)</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 269</b>	<b>\$ (1,938)</b>	<b>\$ 548</b>	<b>\$ 27,882</b>	<b>\$ 252,370</b>	<b>\$ 1,813</b>	<b>\$ 1,706</b>	<b>\$ -</b>	<b>\$ 242</b>	<b>\$ 1,615</b>	<b>\$ 121,954</b>	<b>\$ -</b>

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2010

	Tech. Prep Additional	School Breakfast Program	Special Education Grants Infant/Toddler	ARRA - General State Aid	Juvenile Justice	SAFE Program	English Language Learners	LIPLEPS	Title I - Reading First	System of Support	Teachers and Administrators Mentoring Program	Combined Total
<b>ASSETS</b>												
Cash and cash equivalents	\$ 3,995	\$ (1,390)	\$ (33,470)	\$ 1	\$ (5,200)	\$ 47,494	\$ (603)	\$ -	\$ -	\$ 8,866	\$ (47,164)	\$ 182,636
Grants receivable	-	221	38,311	-	5,200	-	-	-	-	2,919	47,165	289,401
Prepaid items	-	-	909	-	-	-	-	-	-	-	-	1,678
<b>Total assets</b>	<b>\$ 3,995</b>	<b>\$ (1,169)</b>	<b>\$ 5,750</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 47,494</b>	<b>\$ (603)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,785</b>	<b>\$ 1</b>	<b>\$ 473,715</b>
<b>LIABILITIES AND FUND BALANCE</b>												
<b>Liabilities</b>												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,524	\$ -	\$ 121,222
Deferred revenue	-	-	-	-	-	-	-	-	-	-	47,165	112,124
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,524</b>	<b>47,165</b>	<b>233,346</b>
<b>Fund balances</b>												
Fund balance - reserved	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance - unreserved	3,995	(1,169)	5,750	1	-	47,494	(603)	-	-	10,261	(47,164)	240,369
<b>Total fund balance (deficit)</b>	<b>3,995</b>	<b>(1,169)</b>	<b>5,750</b>	<b>1</b>	<b>-</b>	<b>47,494</b>	<b>(603)</b>	<b>-</b>	<b>-</b>	<b>10,261</b>	<b>(47,164)</b>	<b>240,369</b>
<b>Total liabilities and fund balance</b>	<b>\$ 3,995</b>	<b>\$ (1,169)</b>	<b>\$ 5,750</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 47,494</b>	<b>\$ (603)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,785</b>	<b>\$ 1</b>	<b>\$ 473,715</b>

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 COMBINING SCHEDULE OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Administrators Academy	Regional Office of Prevention Effectiveness Services	Truants Alternative and Optional Education	Gifted Educator	General State Aid	Student Assistance Program	State Free Lunch and Breakfast	Truancy Reduction	National School Lunch Program	McKinney Education for Homeless Children	Regional Safe Schools	Bilingual Education
<b>Revenues</b>												
Registration, certification and permit fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	3,148	-	6,250	-	-	-	970	-	-	-	-
State sources	20,000	72,700	47,600	68,651	195,402	71,123	817	-	-	-	80,000	-
Federal sources	-	38,234	-	-	-	-	-	-	13,278	13,992	-	-
Interest income	-	-	-	24	178	-	1	-	-	-	4	-
Total revenues	<u>20,000</u>	<u>114,082</u>	<u>47,600</u>	<u>74,925</u>	<u>195,580</u>	<u>71,123</u>	<u>818</u>	<u>970</u>	<u>13,278</u>	<u>13,992</u>	<u>80,004</u>	<u>-</u>
<b>Expenditures</b>												
Salaries and benefits	18,051	86,539	62,439	20,286	-	54,380	-	-	-	10,441	-	-
Purchased services	800	2,905	3,376	14,477	11,240	5,889	-	1,910	-	600	-	-
Travel and entertainment	114	17,782	3,226	-	540	8,921	-	-	-	739	-	-
Supplies and materials	72	4,891	1,331	12,280	3,603	744	-	-	14,879	390	-	-
Institute expenses and workshops	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	1,224	-	-	24,149	680	-	-	-	-	-	-
Communication	695	-	706	-	-	-	-	-	-	-	-	-
Postage and copies	-	-	552	-	2	-	-	-	-	199	-	-
Payment to other governmental units	-	-	-	-	163,301	-	-	-	-	-	119,698	111
Other	-	-	785	-	-	-	-	-	-	-	-	-
Total expenditures	<u>19,732</u>	<u>113,341</u>	<u>72,415</u>	<u>47,043</u>	<u>202,835</u>	<u>70,614</u>	<u>-</u>	<u>1,910</u>	<u>14,879</u>	<u>12,369</u>	<u>119,698</u>	<u>111</u>
Net changes in fund balances	268	741	(24,815)	27,882	(7,255)	509	818	(940)	(1,601)	1,623	(39,694)	(111)
Fund balance - July 1, 2009	1	(2,679)	136	-	259,625	1,304	854	940	1,843	(8)	2,252	111
Fund balance - June 30, 2010	<u>\$ 269</u>	<u>\$ (1,938)</u>	<u>\$ (24,679)</u>	<u>\$ 27,882</u>	<u>\$ 252,370</u>	<u>\$ 1,813</u>	<u>\$ 1,672</u>	<u>\$ -</u>	<u>\$ 242</u>	<u>\$ 1,615</u>	<u>\$ (37,442)</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

	Tech. Prep Additional	School Breakfast Program	Special Education Grants Infant/Toddler	ARRA - General State Aid	Juvenile Justice	SAFE Program	English Language Learners	LIPLEPS	Title I - Reading First	System of Support	Teachers and Administrators Mentoring Program	Combined Total
<b>Revenues</b>												
Registration, certification and permit fees	\$ 7,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425
Local sources	-	-	-	-	-	45,819	-	-	-	911	-	57,098
State sources	-	-	422,599	-	-	-	-	-	-	-	30,278	1,009,170
Federal sources	-	3,913	55,912	43,423	10,000	-	-	-	14,214	40,210	-	233,176
Interest income	2	-	-	2	-	25	-	1	-	-	-	237
<b>Total revenues</b>	<u>7,427</u>	<u>3,913</u>	<u>478,511</u>	<u>43,425</u>	<u>10,000</u>	<u>45,844</u>	<u>-</u>	<u>1</u>	<u>14,214</u>	<u>41,121</u>	<u>30,278</u>	<u>1,307,106</u>
<b>Expenditures</b>												
Salaries and benefits	-	-	302,145	-	-	-	16	-	645	22,975	13,688	591,605
Purchased services	6,744	-	122,930	-	10,000	-	-	-	13,084	3,236	7,460	204,651
Travel and entertainment	-	-	26,623	-	-	-	-	-	-	4,649	-	62,594
Supplies and materials	-	5,134	9,344	-	-	-	-	-	485	-	355	53,508
Institute expenses and workshops	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	26,053
Communication	-	-	-	-	-	-	-	-	-	-	-	1,401
Postage and copies	-	-	-	-	-	-	-	-	-	-	-	753
Payment to other governmental units	-	-	1,733	43,426	-	-	-	2	-	-	55,939	384,210
Other	-	-	-	-	-	-	-	-	-	-	-	785
<b>Total expenditures</b>	<u>6,744</u>	<u>5,134</u>	<u>462,775</u>	<u>43,426</u>	<u>10,000</u>	<u>-</u>	<u>16</u>	<u>2</u>	<u>14,214</u>	<u>30,860</u>	<u>77,442</u>	<u>1,325,560</u>
<b>Net changes in fund balances</b>	<b>683</b>	<b>(1,221)</b>	<b>15,736</b>	<b>(1)</b>	<b>-</b>	<b>45,844</b>	<b>(16)</b>	<b>(1)</b>	<b>-</b>	<b>10,261</b>	<b>(47,164)</b>	<b>(18,454)</b>
<b>Fund balance - July 1, 2009</b>	<u>3,312</u>	<u>52</u>	<u>(9,986)</u>	<u>2</u>	<u>-</u>	<u>1,650</u>	<u>(587)</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,823</u>
<b>Fund balance - June 30, 2010</b>	<u>\$ 3,995</u>	<u>\$ (1,169)</u>	<u>\$ 5,750</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 47,494</u>	<u>\$ (603)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,261</u>	<u>\$ (47,164)</u>	<u>\$ 240,369</u>

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

Administrators Academy			
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	20,000	20,000	-
Federal sources	-	-	-
Interest income	-	-	-
<b>Total revenues</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>
<b>Expenditures:</b>			
Salaries and benefits	18,644	18,051	593
Purchased services	1,356	800	556
Travel and entertainment	-	114	(114)
Supplies and materials	-	72	(72)
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	695	(695)
Postage and copies	-	-	-
Payment to other governmental units	-	-	-
Other	-	-	-
<b>Total expenditures</b>	<b>20,000</b>	<b>19,732</b>	<b>268</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>268</b>	<b>\$ 268</b>
Fund balance, July 1, 2009		1	
Fund balance, June 30, 2010		<u>\$ 269</u>	

Regional Office of Prevention Effectiveness Services			
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Local sources	\$ -	\$ 3,148	\$ 3,148
State sources	72,700	72,700	-
Federal sources	38,234	38,234	-
Interest income	-	-	-
<b>Total revenues</b>	<b>110,934</b>	<b>114,082</b>	<b>3,148</b>
<b>Expenditures:</b>			
Salaries and benefits	80,178	86,539	(6,361)
Purchased services	3,900	2,905	995
Travel and entertainment	24,000	17,782	6,218
Supplies and materials	2,856	4,891	(2,035)
Institute expenses and workshops	-	-	-
Capital outlay	-	1,224	(1,224)
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	-	-	-
Other	-	-	-
<b>Total expenditures</b>	<b>110,934</b>	<b>113,341</b>	<b>(2,407)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>741</b>	<b>\$ 741</b>
Fund balance, July 1, 2009		(2,679)	
Fund balance, June 30, 2010		<u>\$ (1,938)</u>	

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

Truants Alternative and Optional Education			
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	72,827	47,600	(25,227)
Federal sources	-	-	-
Interest income	-	-	-
<b>Total revenues</b>	72,827	47,600	(25,227)
<b>Expenditures:</b>			
Salaries and benefits	61,043	62,439	(1,396)
Purchased services	9,284	3,376	5,908
Travel and entertainment	-	3,226	(3,226)
Supplies and materials	2,500	1,331	1,169
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	706	(706)
Postage and copies	-	552	(552)
Payment to other governmental units	-	-	-
Other	-	785	(785)
<b>Total expenditures</b>	72,827	72,415	412
<b>Net change in fund balances</b>	\$ -	(24,815)	\$ (24,815)
Fund balance, July 1, 2009		136	
Fund balance, June 30, 2010		\$ (24,679)	

Gifted Education			
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Local sources	\$ -	\$ 6,250	\$ 6,250
State sources	68,551	68,651	100
Federal sources	-	-	-
Interest income	-	24	24
<b>Total revenues</b>	68,551	74,925	6,374
<b>Expenditures:</b>			
Salaries and benefits	29,171	20,286	8,885
Purchased services	26,993	14,477	12,516
Travel and entertainment	-	-	-
Supplies and materials	12,387	12,280	107
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	-	-	-
Other	-	-	-
<b>Total expenditures</b>	68,551	47,043	21,508
<b>Net change in fund balances</b>	\$ -	27,882	\$ 27,882
Fund balance, July 1, 2009		-	
Fund balance, June 30, 2010		\$ 27,882	

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

Student Assistance Program			
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	70,700	71,123	423
Federal sources	-	-	-
Interest income	-	-	-
<b>Total revenues</b>	<b>70,700</b>	<b>71,123</b>	<b>423</b>
<b>Expenditures:</b>			
Salaries and benefits	52,848	54,380	(1,532)
Purchased services	8,152	5,889	2,263
Travel and entertainment	9,000	8,921	79
Supplies and materials	700	744	(44)
Institute expenses and workshops	-	-	-
Capital outlay	-	680	(680)
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	-	-	-
Other	-	-	-
<b>Total expenditures</b>	<b>70,700</b>	<b>70,614</b>	<b>86</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>509</b>	<b>\$ 509</b>
Fund balance, July 1, 2009		1,304	
Fund balance, June 30, 2010		<u>\$ 1,813</u>	

McKinney Education for Homeless			
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	13,990	13,992	2
Interest income	-	-	-
<b>Total revenues</b>	<b>13,990</b>	<b>13,992</b>	<b>2</b>
<b>Expenditures:</b>			
Salaries and benefits	11,536	10,441	1,095
Purchased services	2,054	600	1,454
Travel and entertainment	-	739	(739)
Supplies and materials	400	390	10
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	199	(199)
Payment to other governmental units	-	-	-
Other	-	-	-
<b>Total expenditures</b>	<b>13,990</b>	<b>12,369</b>	<b>1,621</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>1,623</b>	<b>\$ 1,623</b>
Fund balance, July 1, 2009		(8)	
Fund balance, June 30, 2010		<u>\$ 1,615</u>	

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

	Regional Safe Schools		
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	119,698	80,000	(39,698)
Federal sources	-	-	-
Interest income	-	4	4
<b>Total revenues</b>	<b>119,698</b>	<b>80,004</b>	<b>(39,694)</b>
<b>Expenditures:</b>			
Salaries and benefits	-	-	-
Purchased services	-	-	-
Travel and entertainment	-	-	-
Supplies and materials	-	-	-
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	119,698	119,698	-
Other	-	-	-
<b>Total expenditures</b>	<b>119,698</b>	<b>119,698</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>(39,694)</b>	<b>\$ (39,694)</b>
Fund balance, July 1, 2009		2,252	
Fund balance, June 30, 2010		<u>\$ (37,442)</u>	

	Special Education Grants Infant/Toddler		
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	398,088	422,599	24,511
Federal sources	55,912	55,912	-
Interest income	-	-	-
<b>Total revenues</b>	<b>454,000</b>	<b>478,511</b>	<b>24,511</b>
<b>Expenditures:</b>			
Salaries and benefits	292,171	302,145	(9,974)
Purchased services	124,844	122,930	1,914
Travel and entertainment	26,118	26,623	(505)
Supplies and materials	9,167	9,344	(177)
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	1,700	1,733	(33)
Other	-	-	-
<b>Total expenditures</b>	<b>454,000</b>	<b>462,775</b>	<b>(8,775)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>15,736</b>	<b>\$ 15,736</b>
Fund balance, July 1, 2009		(9,986)	
Fund balance, June 30, 2010		<u>\$ 5,750</u>	

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

Juvenile Justice			
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	10,000	10,000	-
Interest income	-	-	-
<b>Total revenues</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>
<b>Expenditures:</b>			
Salaries and benefits	-	-	-
Purchased services	9,300	10,000	(700)
Travel and entertainment	-	-	-
Supplies and materials	700	-	700
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	-	-	-
Other	-	-	-
<b>Total expenditures</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund balance, July 1, 2009		-	
Fund balance, June 30, 2010		<u>\$ -</u>	

Title I - Reading First			
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	14,214	14,214	-
Interest income	-	-	-
<b>Total revenues</b>	<b>14,214</b>	<b>14,214</b>	<b>-</b>
<b>Expenditures:</b>			
Salaries and benefits	646	645	1
Purchased services	13,420	13,084	336
Travel and entertainment	-	-	-
Supplies and materials	148	485	(337)
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	-	-	-
Other	-	-	-
<b>Total expenditures</b>	<b>14,214</b>	<b>14,214</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund balance, July 1, 2009		-	
Fund balance, June 30, 2010		<u>\$ -</u>	

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Teachers and Administrators Mentoring Program		
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	77,651	30,278	(47,373)
Federal sources	-	-	-
Interest income	-	-	-
<b>Total revenues</b>	<u>77,651</u>	<u>30,278</u>	<u>(47,373)</u>
<b>Expenditures:</b>			
Salaries and benefits	12,952	13,688	(736)
Purchased services	5,611	7,460	(1,849)
Travel and entertainment	-	-	-
Supplies and materials	3,468	355	3,113
Institute expenses and workshops	-	-	-
Capital outlay	-	-	-
Communication	-	-	-
Postage and copies	-	-	-
Payment to other governmental units	55,620	55,939	(319)
Other	-	-	-
<b>Total expenditures</b>	<u>77,651</u>	<u>77,442</u>	<u>209</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>(47,164)</u>	<u>\$ (47,164)</u>
Fund balance, July 1, 2009		-	
Fund balance, June 30, 2010		<u>\$ (47,164)</u>	

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010

	Institute Funds Adams County	Institute Funds Pike County	General Education Development Fund	Supervisory Fund	Bus Driver Fees	Miscellaneous Fund	Pike County Film Cooperative Fund	Fingerprinting	TOTAL
<b>ASSETS</b>									
Cash and cash equivalents	\$ 8,658	\$ 5,922	\$ 6,748	\$ -	\$ 15,413	\$ 13,548	\$ 5,396	\$ 6,771	\$ 62,456
Grants receivable	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 8,658</u>	<u>\$ 5,922</u>	<u>\$ 6,748</u>	<u>\$ -</u>	<u>\$ 15,413</u>	<u>\$ 13,548</u>	<u>\$ 5,396</u>	<u>\$ 6,771</u>	<u>\$ 62,456</u>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 694	\$ 694
Due to other agency	-	-	-	-	-	12,735	-	-	12,735
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,735</u>	<u>-</u>	<u>694</u>	<u>13,429</u>
<b>Fund balance (deficit)</b>									
Reserved for grant programs	-	-	-	-	-	-	-	-	-
Unreserved - undesignated (deficit)	8,658	5,922	6,748	-	15,413	813	5,396	6,077	49,027
<b>Total fund balance (deficit)</b>	<u>8,658</u>	<u>5,922</u>	<u>6,748</u>	<u>-</u>	<u>15,413</u>	<u>813</u>	<u>5,396</u>	<u>6,077</u>	<u>49,027</u>
<b>Total liabilities and fund balance</b>	<u>\$ 8,658</u>	<u>\$ 5,922</u>	<u>\$ 6,748</u>	<u>\$ -</u>	<u>\$ 15,413</u>	<u>\$ 13,548</u>	<u>\$ 5,396</u>	<u>\$ 6,771</u>	<u>\$ 62,456</u>

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Institute Funds Adams County	Institute Funds Pike County	General Education Development Fund	Supervisory Fund	Bus Driver Fees	Miscellaneous Fund	Pike County Film Cooperative Fund	Fingerprinting	TOTAL
<b>Revenues:</b>									
Registration, certification and permit fees	\$ 12,924	\$ 3,290	\$ 16,623	\$ -	\$ 1,618	\$ -	\$ -	\$ 13,326	\$ 47,781
Local sources	-	-	-	-	-	68,092	1,267	-	69,359
State sources	-	-	-	2,000	852	-	-	-	2,852
Interest income	6	5	2	-	9	17	8	2	49
<b>Total revenues</b>	<b>12,930</b>	<b>3,295</b>	<b>16,625</b>	<b>2,000</b>	<b>2,479</b>	<b>68,109</b>	<b>1,275</b>	<b>13,328</b>	<b>120,041</b>
<b>Expenditures:</b>									
Salaries and benefits	-	-	-	-	-	25,585	-	-	25,585
Purchased services	-	-	9,491	-	1,207	93,369	-	13,013	117,080
Travel and entertainment	141	-	2,126	2,001	468	1,984	-	-	6,720
Supplies and materials	-	-	4,338	-	-	1,236	1,782	-	7,356
Institute expenses and workshops	14,705	9,271	-	-	-	-	-	-	23,976
Capital outlay	-	-	-	-	-	5,977	-	-	5,977
Communication	-	-	1,134	-	-	-	57	-	1,191
Postage and copies	-	-	-	-	-	-	-	-	-
Payment to other government units	-	-	-	-	-	-	-	-	-
Other	-	-	307	-	-	416	-	-	723
<b>Total expenditures</b>	<b>14,846</b>	<b>9,271</b>	<b>17,396</b>	<b>2,001</b>	<b>1,675</b>	<b>128,567</b>	<b>1,839</b>	<b>13,013</b>	<b>188,608</b>
<b>Net changes in fund balances</b>	<b>(1,916)</b>	<b>(5,976)</b>	<b>(771)</b>	<b>(1)</b>	<b>804</b>	<b>(60,458)</b>	<b>(564)</b>	<b>315</b>	<b>(68,567)</b>
Fund balance - July 1, 2009	10,574	11,898	7,519	1	14,609	61,271	5,960	5,762	117,594
<b>Fund balance - June 30, 2010</b>	<b>\$ 8,658</b>	<b>\$ 5,922</b>	<b>\$ 6,748</b>	<b>\$ -</b>	<b>\$ 15,413</b>	<b>\$ 813</b>	<b>\$ 5,396</b>	<b>\$ 6,077</b>	<b>\$ 49,027</b>

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

<u>DISTRIBUTIVE FUND</u>	Balance			Balance
	July 1, 2009	Additions	Reductions	June 30, 2010
<u>ASSETS</u>				
Cash	\$ 144	\$ 937,045	\$ 937,186	\$ 3
Total assets	144	937,045	937,186	3
<u>LIABILITIES</u>				
Accumulated interest payable	\$ 144	\$ -	\$ 141	\$ 3
Total liabilities	\$ 144	\$ -	\$ 141	\$ 3

See accompanying Independent Auditor's Report

ADAMS AND PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

	West Central Region #240	ROE #1	Totals
Alternative Education	\$ -	\$ 40,101	\$ 40,101
General State Aid	-	195,402	195,402
ARRA - General State Aid	-	43,423	43,423
School Breakfast Program	-	3,691	3,691
National School Lunch Program	-	12,675	12,675
State Free Lunch and Breakfast	-	1,047	1,047
Gifted Education	-	68,551	68,551
ROE/ISC Operations	-	82,726	82,726
ROE/ISC School Bus Driver Training	-	852	852
Supervisory Expense	-	2,000	2,000
Teachers and Administrators Mentoring Program	-	30,486	30,486
Title I - Reading First	-	14,214	14,214
Truants Alternative and Optional Education	-	55,498	55,498
Vocational Education	386,520	-	386,520
	<u>\$ 386,520</u>	<u>\$ 550,666</u>	<u>\$ 937,186</u>

See accompanying Independent Auditor's Report