

State of Illinois
REGIONAL OFFICE OF EDUCATION #3

FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the year ended June 30, 2009

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

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**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

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REGIONAL OFFICE OF EDUCATION #3**

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REGIONAL OFFICE OF EDUCATION #3**

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**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

OFFICIALS

Regional Superintendent (current and during the audit period).....Mr. Mark Drone
Assistant Regional Superintendent (current and during the audit period)Ms. Julie Wollerman

Offices are located at:

300 S. 7th Street
Vandalia, IL 62471

200 W. College
Greenville, IL 62246

101 N. 4th Street, Room 204
Effingham, IL 62401

1805 W. Fletcher – Suite B
Vandalia, IL 62471

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

Details of audit findings are presented in a separately tabbed report section.

Additional matters which were less than significant deficiencies or material weaknesses but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

09-01	13-14	Controls Over Financial Statement Preparation	Material Weakness
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FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2009.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

08-2 Deficiency	17	Internal Control over Disbursements and Receipts	Significant
08-3 Deficiency	17	Capitalization Policy	Significant

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

COMPLIANCE REPORT SUMMARY (Continued)

EXIT CONFERENCE

An informal exit conference was held on October 7, 2009. Attending were Mark Drone, Regional Superintendent, Jill Wright, Bookkeeper of the Regional Office of Education #3, and Nathan Earnest of West & Company, LLC. Responses to the recommendations were provided by Mark Drone on October 7, 2009.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Bond, Fayette, and Effingham Counties Regional Office of Education #3 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #3's basic financial statements.

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT

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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, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Fayette, and Effingham Counties Regional Office of Education #3, as of and for the year ended June 30, 2009, which collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education #3's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bond, Fayette, and Effingham Counties Regional Office of Education #3'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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bond, Fayette, and Effingham Counties Regional Office of Education #3, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 13, 2010 on our consideration of the Bond, Fayette, and Effingham Counties Regional Office of Education #3'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 Illinois Municipal Retirement Fund - Schedule of Funding Progress on pages 18A-18K and 47 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 Bond, Fayette, and Effingham Counties Regional Office of Education #3's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards 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.

West + Company, LLC

January 13, 2010

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
BRIAN E. DANIELL
JANICE K. ROMACK
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bond, Fayette, and Effingham Counties Regional Office of Education #3, as of and for the year ended June 30, 2009, which collectively comprise the Bond, Fayette, and Effingham Counties Regional Office of Education #3's basic financial statements and have issued our report thereon dated January 13, 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 Bond, Fayette, and Effingham Counties Regional Office of Education #3'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 Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 09-01 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bond, Fayette, and Effingham Counties Regional Office of Education #3's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters which we have reported to management of the Bond, Fayette, and Effingham Counties, Regional Office of Education #3 in a separate letter dated January 13, 2010.

Bond, Fayette, and Effingham Counties Regional Office of Education #3's response to the finding identified in our audit is described in the accompany Schedule of Findings and Questioned Costs. We did not audit Bond, Fayette, and Effingham Counties Regional Office of Education #3's response 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.

West Company, LLC

January 13, 2010

WEST & COMPANY, LLC

MEMBERS

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Bond, Fayette, and Effingham Counties Regional Office of Education #3 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Bond, Fayette, and Effingham Counties Regional Office of Education #3's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's management. Our responsibility is to express an opinion on the Bond, Fayette, and Effingham Counties Regional Office of Education #3's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bond, Fayette, and Effingham Counties Regional Office of Education #3's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Bond, Fayette, and Effingham Counties Regional Office of Education #3's compliance with those requirements.

In our opinion, the Bond, Fayette, and Effingham Counties Regional Office of Education #3 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Bond, Fayette, and Effingham Counties Regional Office of Education #3 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Bond, Fayette, and Effingham Counties Regional Office of Education #3's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the organization, 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.

West + Company, LLC

January 13, 2010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2009**

Section I -- Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

UNQUALIFIED

Internal control over financial reporting:

- Material weakness(es) identified? X yes no

- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no

- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs:

UNQUALIFIED

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

 yes X no

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2009**

Section I -- Summary of Auditors' Results (concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.196A	McKinney Education for Homeless Children
84.394A	State Fiscal Stabilization Fund (SFSF) - Education State Grants Recovery Act

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

Auditee qualified as a low-risk auditee? _____ yes X no

**BOND, FAYETTE, AND EFFIGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2009**

Section II: Financial Statement Findings

FINDING NO. 09-01 – Controls Over Financial Statement Preparation (repeat of 08-1 and 07-1)

Criteria/Specific Requirement:

The Regional Office of Education #3 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education #3 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation/review of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, capital assets, or deferred revenues.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

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 and/or train their accounting personnel in order to comply with these requirements.

**BOND, FAYETTE, AND EFFIGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2009**

Section II - Financial Statement Findings (Continued)

FINDING NO. 09-01 – Controls Over Financial Statement Preparation (repeat of 08-1 and 07-1)
(Continued)

Auditors' Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #3 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:

The Regional Superintendent agrees with the finding, but believes that the hiring or training of an individual with a thorough understanding of applicable generally accepted accounting principles and GASB pronouncements would be too costly. However, the Regional Office of Education #3 will continue to seek improvement within their internal controls system.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2009**

Section III: Federal Award Findings

No findings were noted for the year ended June 30, 2009.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2009**

Corrective Action Plan

Finding No.: 09-01 – Controls Over Financial Statement Preparation (repeat of 08-1 and 07-1)

Condition:

The Regional Office of Education #3 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation/review of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, capital assets, or deferred revenues.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Plan:

The Regional Superintendent agrees with the finding, but believes that the hiring or training of an individual with a thorough understanding of applicable generally accepted accounting principles and GASB pronouncements would be too costly. However, the Regional Office of Education #3 will continue to seek improvement within their internal controls system.

Anticipated Date of Completion:

Immediately

Name of Contact Person:

Mark Drone, Regional Superintendent

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2009**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
08-1	Controls Over Financial Statement Preparation	Repeated
08-2	Internal Control over Disbursements and Receipts	(See Note Below)
08-3	Capitalization Policy	Resolved

Note: Although the Regional Office of Education #3 has not fully implemented the corrective action plan associated with this finding during fiscal year 2009, they have made significant progress in addressing this condition. Therefore, the effects of the condition are inconsequential to the specific programs and the overall financial statements and are now being addressed with management in a separate letter dated January 13, 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2009**

The following is a discussion and analysis of the financial performance of the Regional Office of Education for Bond, Fayette, and Effingham Counties for the fiscal year ended June 30, 2009. This section is a summary of the financial activities of the Regional Office of Education #3 based on currently known facts, decisions, or conditions. It is also based on both the government-wide and governmental fund financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the financial statements for the Regional Office of Education for Bond, Fayette, and Effingham Counties, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of five parts: Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Financial Statements, required supplementary information, and supplementary information. The Basic Financial Statements include two kinds of statements that present different views of the Regional Office of Education #3:

- The first two statements are general financial statements that provide both short-term and long-term information about the Regional Office of Education #3's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Regional Office of Education #3, reporting the Regional Office of Education #3's operations in more detail than the general statements. The fund financial statements concentrate on the Regional Office of Education #3's most significant funds with all other non-major funds listed in total in one column.
- Governmental funds statements tell how basic services such as grant-funded programs were financed in the short term as well as what remains for future spending.
- Proprietary funds statements provide information related to services provided to organizations comprising the Bond, Fayette, and Effingham Counties Education Service Region.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Required supplementary information includes the Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress that further explains and supports the financial statements. Supplementary information provides a comparison of the Regional Office of Education #3's budgets for the year and also includes combining and individual nonmajor fund financial statements.

Figure A-1 summarizes the major features of the Regional Office of Education #3's financial statements, including the portion of the Regional Office of Education #3's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2009**

Overview of the Financial Statements (Continued)

Figure A-1

Major Features of the Regional Office of Education #3's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Regional Office of Education	The activities of the Regional Office of Education that are not proprietary, such as special revenue and general funds	Activities the Regional Office of Education operates in which expenses related to services are done on a cost-reimbursement basis.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses and Changes in Net Assets • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2009**

Overview of the Financial Statements (Continued)

Government-Wide Statements

The government-wide statements report information about the Regional Office of Education #3 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Regional Office of Education #3's assets and liabilities. All of the current year's 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 Regional Office of Education #3's net assets and how they have changed. Net assets, the difference between the Regional Office of Education #3's assets and liabilities, is one way to measure the Regional Office of Education #3's financial health or position.

- Increases or decreases in the Regional Office of Education #3's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Regional Office of Education #3, one needs to consider additional non-financial factors, such as changes in the State Board of Education's policies, as well as changes in federal programs and policies that impact educational services in individual States.

In the government-wide financial statements, the Regional Office of Education #3's activities are divided into two categories:

- **Governmental Activities:** Most of the Regional Office of Education #3's basic services are included here, such as grant-funded programs, support services, and administration.
- **Business-type activities:** The Regional Office of Education #3 charges fees to help cover the costs of certain services and workshops it provides.

Fund Financial Statements

The fund financial statements provide more detailed information about the Regional Office of Education #3's funds, focusing on its most significant or "major" funds – not the Regional Office of Education #3 as a whole. Funds are accounting devices the Regional Office of Education #3 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #3 establishes other funds to control and to manage money for particular purposes or to show that it is properly using certain revenues, such as federal grants.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2009**

Overview of the Financial Statements (Continued)

Fund Financial Statements (Concluded)

The Regional Office of Education #3 has two kinds of funds:

- **Governmental Funds:** Most of the Regional Office of Education #3's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Regional Office of Education #3's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements a reconciliation between the governmental fund financial statements and the government-wide financial statements follow the related governmental fund financial statements.
- **Proprietary Funds:** The Regional Office of Education #3 charges fees for some services. Proprietary funds are reported in the same way as government-wide statements. The Regional Office of Education #3's Enterprise funds, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The Regional Office of Education #3 currently has one Enterprise Fund, the Local Workshops Fund.

Government-wide Financial Analysis

Statement of Net Assets

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components-the amount due within one year and the amount due in more than one year. The difference between the Regional Office of Education #3's assets and liabilities is its net assets.

This section will explain the differences between the current and prior year's assets, liabilities, and changes in net assets. The Regional Office of Education for Bond, Fayette, and Effingham Counties' financial activities include both Governmental and Business-type activities. These are reported below.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2009**

Government-wide Financial Analysis (Continued)

Statement of Net Assets (Continued)

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

	<u>2009</u>	<u>2008</u>	<u>Increase / (Decrease)</u>
Current Assets	\$ 520,030	\$ 649,968	(129,938)
Capital assets, being depreciated, net	<u>53,218</u>	<u>58,163</u>	(4,945)
Total Assets	<u>573,248</u>	<u>708,131</u>	(134,883)
Current Liabilities	<u>114,533</u>	<u>150,501</u>	(35,968)
Net Assets:			
Invested in capital assets	53,218	58,163	(4,945)
Restricted for Teacher Prof. Dev.	15,018	28,631	(13,613)
Unrestricted	<u>390,479</u>	<u>470,836</u>	(80,357)
Total Net Assets	<u>\$ 458,715</u>	<u>\$ 557,630</u>	(98,915)

The Regional Office of Education #3's governmental assets exceeded governmental liabilities (net assets) by \$458,715 at the close of the fiscal year. Cash and cash equivalents made up the majority of assets. The Regional Office of Education #3 uses its governmental net assets to perform general operations, provide professional services to school districts in the Bond, Fayette, and Effingham Counties Educational Service Region and surrounding areas, and to operate Alternative Education Programs within the region. Net assets related to the Institute Fund are considered restricted for teacher professional development.

BUSINESS-TYPE ACTIVITIES

	<u>2009</u>	<u>2008</u>	<u>Increase / (Decrease)</u>
Current Assets	\$ 246,869	\$ 157,558	89,311
Capital assets, being depreciated, net	<u>7,306</u>	<u>14,792</u>	(7,486)
Total Assets	<u>254,175</u>	<u>172,350</u>	81,825
Net Assets:			
Invested in capital assets	7,306	14,792	(7,486)
Unrestricted	<u>246,869</u>	<u>157,558</u>	89,311
Total Net Assets	<u>\$ 254,175</u>	<u>\$ 172,350</u>	81,825

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2009**

Government-wide Financial Analysis (Continued)

Statement of Net Assets (Concluded)

The Regional Office of Education #3 uses its business-type net assets to provide workshop and training services to school districts in the Bond, Fayette, and Effingham Counties Educational Service Region and surrounding areas.

General Overview and Analysis of Significant Individual Governmental Funds

NON-MAJOR SPECIAL REVENUE FUNDS

- The Institute Fund is administered by the Regional Office of Education #3 and had a fund balance of \$15,018 which represents a \$13,613 decrease below the previous year. The extreme decrease in the fund balance is based on the small number of teachers renewing their teaching certificates in FY09. This number varies each year.
- The General Education Development Fund is administered by the Regional Office of Education #3 and had a fund balance of \$18,134, which represents a \$2,144 increase over the previous year.
- The ROE School Bus Driver Training Fund is administered by the Regional Office of Education #3 and had a fund balance of \$4,040, which represents a \$156 increase over the previous year.
- The Supervisory Fund is administered by the Regional Office of Education #3 and had a fund balance of \$3,452, which represents a \$2,649 increase over the previous year. The expenses related to this fund increase or decrease depending on the needs on the Regional Office. In FY08 a new phone system had to be purchased which caused the increase in expenses, compared to FY09.

EDUCATION FUND

- The Illinois Family Violence Coordinating Council is administered by the Educational Services Division of the Regional Office of Education #3 and had a fund balance of \$7,307, which represents a \$1,760 decrease below the previous year.
- The Truants Alternative/Optional Education Fund is administered by the Alternative Education Programs of the Regional Office of Education #3 and had a fund balance of \$108,309, which represents a \$115,199 decrease below the previous year. This decrease is because of funds that were transferred to the Regional Safe Schools fund and the Alternative Education Other fund.
- The Regional Safe Schools Fund is administered by the Alternative Education Programs of the Regional Office of Education #3 and had a fund balance of \$33,803, which represents a \$33,803 increase over the previous year. This increase is because of funds that were transferred from the Truant Alternative Optional Education fund.
- The Attendance Officer Fund is administered by the Regional Office of Education #3 and had a fund balance of \$4,811, which represents a \$1,236 increase over the previous year.
- The Cooperative Curriculum is administered by the Regional Office of Education #3 and had a fund balance of \$3,073, which represents a \$55 decrease below the previous year.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2009**

Government-wide Financial Analysis (Continued)

Statement of Activities

The Statement of Activities accounts for all of the current year revenues and expenses regardless of when cash is received or paid.

STATEMENT OF ACTIVITIES

GOVERNMENTAL ACTIVITIES

	<u>2009</u>	<u>2008</u>	<u>Increase / (Decrease)</u>
Revenues:			
Federal	\$ 601,698	\$ 906,897	(305,199)
Local sources	598,014	596,832	1,182
State sources	842,753	439,013	403,740
On-behalf payments - State	303,065	289,553	13,512
Interest	2,400	1,591	809
	<u>2,347,930</u>	<u>2,233,886</u>	114,044
Total revenues			
Expenses:			
Instructional Services:			
Salaries and benefits	1,129,593	1,133,515	(3,922)
Purchased services	628,388	533,169	95,219
Supplies and materials	106,798	53,813	52,985
Payments to other governments	166,112	145,110	21,002
Other objects	1,655	1,070	585
Depreciation	24,018	20,828	3,190
On-behalf payments - State	303,065	289,553	13,512
	<u>2,359,629</u>	<u>2,177,058</u>	182,571
Total expenses			
Excess (deficiency) of revenues over (under) expenditures	<u>(11,699)</u>	<u>56,828</u>	(68,527)
Other financing sources(uses):			
Loss on disposition of assets	(587)	-	(587)
Transfers out	<u>(86,629)</u>	<u>-</u>	(86,629)
Total other financing sources (uses)	<u>(87,216)</u>	<u>-</u>	(87,216)
Change in net assets	(98,915)	56,828	(155,743)
Net assets - beginning	<u>557,630</u>	<u>500,802</u>	56,828
Net assets - ending	<u>\$ 458,715</u>	<u>\$ 557,630</u>	(98,915)

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2009**

Government-wide Financial Analysis (Concluded)

Statement of Activities (Concluded)

Revenues from governmental activities were \$2,347,930 and expenses were \$2,359,629. The Regional Office of Education #3 received more local and state revenue in FY09 which increased general revenues.

BUSINESS-TYPE ACTIVITIES

	2009	2008	Increase / (Decrease)
Revenues:			
Program Revenues:			
Charges for services	\$ 52,096	\$ 60,657	(8,561)
Investment earnings	-	1,074	(1,074)
	52,096	61,731	(9,635)
Total revenues			
Expenses:			
Salaries and benefits	22,737	11,256	11,481
Purchased services	23,962	26,511	(2,549)
Supplies and materials	1,550	3,105	(1,555)
Other objects	-	645	(645)
Depreciation	8,651	2,112	6,539
	56,900	43,629	13,271
Total expenses			
Operating revenue (loss)	(4,804)	18,102	(22,906)
Nonoperating revenue:			
Transfer in	86,629	-	86,629
	81,825	18,102	63,723
Change in net assets			
Net assets - beginning	172,350	154,248	18,102
	\$ 254,175	\$ 172,350	81,825
Net assets - ending			

Revenues from business-type activities were \$52,096 and expenses were \$56,900. The Regional Office of Education #3's business-type activities include workshops that involve charges for service. Expenses include salaries and purchases of goods and supplies to support these activities.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2009**

Financial Analysis of the Regional Office of Education #3's Funds

The Regional Office of Education #3 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #3's governmental funds reported combined fund balances of \$93,970 below last year's ending fund balance of \$499,467. The Regional Office of Education #3's proprietary funds reported combined fund balance of \$81,825 above last year's ending fund balance of \$172,350.

Governmental Fund Highlights

- The Regional Office of Education #3's General Fund showed revenue slightly greater than expenses and Education Fund showed revenue slightly less than expenses.

Proprietary Fund Highlights

- As part of its mission, the Regional Office of Education #3 continues to provide workshop and training services to school districts even during economically challenging times. Many workshops were offered free-of-charge and below cost-recovery in order to meet organizational objectives.

Budgetary Highlights

The Regional Office of Education #3 annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles; however, the annual budget is not required to be legally adopted. The Illinois State Board of Education reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education for final approval. The budget may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education. A schedule showing the original and final budget amounts compared to the Regional Office of Education #3's actual financial activity is included in the supplementary information section of this report.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2009**

Factors Bearing on the Regional Office of Education #3's Future

At the time these financial statements were prepared and audited, the Regional Office of Education #3 was aware of several existing circumstances that could significantly impact its financial health in the future:

- The Regional Office of Education #3 provides programs and services in compliance with statutory, regulatory and mandated requirements from the Legislature and the Illinois State Board of Education despite a level of funding from the State that does not keep pace with the increasing cost of providing such programs and services. Consequently, the Regional Office of Education #3 is forced to maintain a limited professional and clerical staff while trying to provide a consistent level of support and services to schools and to the educational service region served by the regional superintendent of schools. For example, costs associated with the G.E.D. testing and bus driver training programs have increased yearly. The price of G.E.D. testing materials is set by the G.E.D.T.S. in Washington, D.C. The cost to examinees is set by the Illinois General Assembly and has been fixed at a \$35.00 rate for many years. Requests from regional superintendents and the Illinois Community College Board for an increase finally went into effect July 1, 2009. Likewise, the fee associated with providing bus driver training is fixed by the State of Illinois at \$4.00 per trainee. This fee will also increase to \$10.00 per trainee in FY10. To attract and keep quality trainers requires adequate compensation, which is finally being addressed by the regulatory bodies.
- The Regional Office of Education #3 has a policy of re-deploying aging computer and audio-visual inventory within the organization. The equipment being replaced is refurbished for use by the alternative education programs, which are also accepting donated computer equipment from other agencies and using open source licensed software programs rather than commercial licensed software programs in an effort to reduce costs. This practice has resulted in an increased number of computers available for student use at little or no expense to any program. The regional superintendent provides new equipment, software and training to personnel as warranted.
- A limited number of federal and state grant programs help support the Regional Office of Education #3's Educational Services Division. Funding from these grant programs are not assured from year to year. Because of limited availability of funds to other agencies and organizations, there is increased competition for funded grant programs due in part to a reduction in the amount of grant funding available and the similar financial circumstances all entities are experiencing. The future of the Alternative Education Programs and the Educational Services Division (and the programs and services they provide) is directly dependent on their abilities to compete for grant funding. The Alternative Education Programs have been expanding due to increased needs by the districts for placement of students requiring alternative educational services. Because of an increase in the number of students served by the programs, an increase in personnel has been required.
- The Regional Office of Education #3 operates under conservative fiscal management and will continue to remain productive through the current State budgetary stalemate by staying within fiscal limits and by utilizing available resources effectively. A continuous review of current and past practices, as well as current operations policies has led to practical modifications resulting in reduction of expenditures and stable fund balances.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2009**

Contacting the Regional Office of Education #3's Financial Management

This financial report is designed to provide those citizens and taxpayers who reside within the Bond, Fayette, and Effingham Counties Regional Office of Education #3 boundaries with a general overview of the Regional Office of Education #3's finances and to demonstrate the Regional Office of Education #3's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Office of Education #3, 300 South Seventh Street, Vandalia, IL 62471.

BASIC FINANCIAL STATEMENTS

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF NET ASSETS
June 30, 2009**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 341,097	\$ 245,624	\$ 586,721
Due from other governments	178,933	1,245	180,178
Total current assets	520,030	246,869	766,899
Noncurrent assets:			
Capital assets, net	53,218	7,306	60,524
Total assets	573,248	254,175	827,423
LIABILITIES			
Current liabilities:			
Accounts payable	22,367	-	22,367
Salaries and benefits payable	47,514	-	47,514
Deferred revenue	44,652	-	44,652
Total current liabilities	114,533	-	114,533
NET ASSETS			
Invested in capital assets	53,218	7,306	60,524
Restricted for teacher professional development	15,018	-	15,018
Unrestricted	390,479	246,869	637,348
Total net assets	\$ 458,715	\$ 254,175	\$ 712,890

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2009**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 1,129,593	\$ -	\$ 889,850	\$ (239,743)	\$ -	\$ (239,743)
Purchased services	628,388	-	274,007	(354,381)	-	(354,381)
Supplies and materials	106,798	-	93,758	(13,040)	-	(13,040)
Capital outlay	-	-	19,098	19,098	-	19,098
Payments to other governments	166,112	-	166,083	(29)	-	(29)
Other objects	1,655	-	1,655	-	-	-
Depreciation	24,018	-	-	(24,018)	-	(24,018)
Administrative:						
On-behalf payments - state	303,065	-	-	(303,065)	-	(303,065)
Total governmental activities	<u>2,359,629</u>	<u>-</u>	<u>1,444,451</u>	<u>(915,178)</u>	<u>-</u>	<u>(915,178)</u>
Business-type activities						
Instructional services	56,900	52,096	-	-	(4,804)	(4,804)
Total primary government	<u>\$ 2,416,529</u>	<u>\$ 52,096</u>	<u>\$ 1,444,451</u>	<u>(915,178)</u>	<u>(4,804)</u>	<u>(919,982)</u>
General revenues:						
Local sources				598,014	-	598,014
On-behalf payments - state				303,065	-	303,065
Interest				2,400	-	2,400
Loss on disposition of assets				(587)	-	(587)
Transfers				(86,629)	86,629	-
Total general revenues and transfers				<u>816,263</u>	<u>86,629</u>	<u>902,892</u>
Change in net assets				(98,915)	81,825	(17,090)
Net assets - beginning				<u>557,630</u>	<u>172,350</u>	<u>729,980</u>
Net assets - ending				<u>\$ 458,715</u>	<u>\$ 254,175</u>	<u>\$ 712,890</u>

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

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 49,469	\$ 253,209	\$ 38,419	\$ 341,097
Due from other funds	98,635	-	-	98,635
Due from other governments	<u>15,978</u>	<u>160,730</u>	<u>2,225</u>	<u>178,933</u>
 Total assets	 <u>\$ 164,082</u>	 <u>\$ 413,939</u>	 <u>\$ 40,644</u>	 <u>\$ 618,665</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 13,914	\$ 8,453	\$ -	\$ 22,367
Salaries and benefits payable	-	47,514	-	47,514
Due to other funds	-	98,635	-	98,635
Deferred revenue	<u>-</u>	<u>44,652</u>	<u>-</u>	<u>44,652</u>
 Total liabilities	 <u>13,914</u>	 <u>199,254</u>	 <u>-</u>	 <u>213,168</u>
 FUND BALANCES				
Unreserved, reported in:				
General fund	150,168	-	-	150,168
Special revenue funds	<u>-</u>	<u>214,685</u>	<u>40,644</u>	<u>255,329</u>
 Total fund balances	 <u>150,168</u>	 <u>214,685</u>	 <u>40,644</u>	 <u>405,497</u>
 Total liabilities and fund balances	 <u>\$ 164,082</u>	 <u>\$ 413,939</u>	 <u>\$ 40,644</u>	 <u>\$ 618,665</u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS**

June 30, 2009

Total fund balances-governmental funds	\$ 405,497
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>53,218</u>
Net assets of governmental activities	<u><u>\$ 458,715</u></u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2009**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 462,621	\$ 116,707	\$ 18,686	\$ 598,014
State sources	74,438	751,367	16,948	842,753
Federal sources	-	601,698	-	601,698
On-behalf payments	303,065	-	-	303,065
Interest	1,840	560	-	2,400
	841,964	1,470,332	35,634	2,347,930
Expenditures:				
Instructional services:				
Salaries and benefits	203,799	913,764	12,030	1,129,593
Purchased services	284,461	316,224	27,703	628,388
Supplies and materials	16,903	85,330	4,565	106,798
Payments to other governments	-	166,112	-	166,112
Other objects	55	1,600	-	1,655
On-behalf payments	303,065	-	-	303,065
Capital outlay	7,136	12,524	-	19,660
	815,419	1,495,554	44,298	2,355,271
Excess (deficiency) of revenues over (under) expenditures	26,545	(25,222)	(8,664)	(7,341)
Other financing uses:				
Transfers out	(2,518)	(84,111)	-	(86,629)
Net change in fund balances	24,027	(109,333)	(8,664)	(93,970)
Fund balances, beginning of year	126,141	324,018	49,308	499,467
Fund balances, end of year	\$ 150,168	\$ 214,685	\$ 40,644	\$ 405,497

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

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**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, 2009

Net change in fund balances		\$ (93,970)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay	\$ 19,660	
Depreciation expense	<u>(24,018)</u>	(4,358)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net assets.</p>		
		<u>(587)</u>
Change in net assets of governmental activities		<u><u>\$ (98,915)</u></u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2009

	Business-Type Activities
	Enterprise Fund
	Workshops
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 245,624
Due from other governments	1,245
Total current assets	246,869
Noncurrent assets:	
Capital assets, net	7,306
Total assets	254,175
LIABILITIES	-
NET ASSETS	
Invested in capital assets	7,306
Unrestricted	246,869
Total net assets	\$ 254,175

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended June 30, 2009**

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Workshops</u>
Operating revenues:	
Charges for services	\$ <u>52,096</u>
Operating expenses:	
Salaries and benefits	22,737
Purchased services	23,962
Supplies and materials	1,550
Depreciation	<u>8,651</u>
Total operating expenses	<u>56,900</u>
Operating loss	(4,804)
Nonoperating revenues:	
Transfer in	<u>86,629</u>
Change in net assets	81,825
Total net assets - beginning	<u>172,350</u>
Total net assets - ending	<u>\$ 254,175</u>

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2009**

	Business-Type Activities
	Enterprise Fund
	Workshops
Cash flows from operating activities:	
Collection of fees	\$ 51,521
Payments to suppliers and providers of goods and services	(25,512)
Payments to employees	(22,737)
Net cash provided by operating activities	3,272
Cash flows from noncapital financing activities:	
Transfer from other funds	86,629
Cash flows from capital and related financing activities:	
Purchase of capital assets	(1,165)
Net increase in cash and cash equivalents	88,736
Cash and cash equivalents- beginning	156,888
Cash and cash equivalents- ending	\$ 245,624
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (4,804)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	8,651
(Increase) in due from other governments	(575)
Net cash provided by operating activities	\$ 3,272

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

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #3's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education #3 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Bond, Fayette, and Effingham counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. Further, the Regional Superintendent receives an allocation of school funds from the State Board of Education and apportions these funds to the school districts in accordance with the State Board of Education's formula.

The Regional Office of Education #3 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education #3 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education #3's financial statements. In addition, the Regional Office of Education #3 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #3 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from the *business-type activities*, which rely to a significant extent on fees and charges for support.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Net Assets includes all of the Regional Office of Education #3's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

It is the Regional Office of Education #3's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available.

The Regional Office of Education #3 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #3 and is used to account for all financial resources that are not legally restricted for expenditure for specified purposes. This fund is available to pay general and administrative expenditures of the Regional Office of Education #3. Included in this fund are:

General - This fund provides funding for expenditures incurred in order to operate the Regional Office of Education #3.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

General Fund (Continued)

ROE/ISC Operations - This fund accounts for comprehensive services to improve education in the Region in the areas of gifted, staff development, administrator academies, school improvement, and technology.

County - This fund accounts for the shared expenses incurred in the operation of the Regional Superintendent's office.

EIU - This fund provides the opportunity for teachers and administrators to earn graduate credit through participation in weekend classes in programs leading to advanced degrees. Programs currently offered include a Masters Degree in Guidance and Counseling and a Masters or Specialist Degree in School Administration from EIU.

Education - These Special Revenue Funds account for State, local and federal grant monies received for administration and payment of numerous grant awards for education which include:

Technology - This program supports the technology services and technology engaged learning and integration training.

Early Childhood - This program provides support that allows qualified early childhood educators to provide in home and group assistance to families with at risk children of birth to five years of age to prepare for learning when they become school age.

Attendance Officer - This program provides funding for a truant officer which is utilized to pay for related truancy expenses.

Illinois Family Violence Coordinating Council - This program provides support for coordination of committees whose members focus on identifying and reducing incidences of domestic violence.

RESPRO - These are Area V grants through Regional Office of Education #50 which are provided to support school improvement services and trainings for the school(s) in the region on academic warning list which did not meet AYP for two years in a row. These grants also support Regional Office of Education staff members' involvement in the Area V services and in necessary training of trainer's sessions.

Standards Aligned Classroom - This program provides funding for consultants to assist teachers of participating schools in developing learning teams that studied assessment literacy.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Education (Continued)

Cooperative Curriculum - This program accounts for local receipts from participating districts that are used to pay for joint events.

Tuants Alternative/Optional Education - This program provides funding for services designed to prevent students from dropping out of school.

Adult Education & Family Literacy - This program provides funding to assist students in the completion of a secondary education.

Regional Safe Schools - This program provides funding for an alternative school program for disruptive youth in grades 6-9 who have been removed from the regular school setting due to continuous disruptions in the classroom.

McKinney Education For Homeless Children - This program provides training and technical assistance to school districts in the 16 counties to assist school officials in understanding and complying with the McKinney-Vento Act.

Learn and Serve America - This program encourages elementary and secondary schools and community-based agencies to create, develop, and offer service-learning opportunities for school-age youth. In addition, it educates teachers about service and introduces young people to a broad range of careers and encourages them to pursue further education and training.

ASPIRE-South - These funds are used to support the ASPIRE-South project by providing staff time for coordination of RTI trainings offered through the project as well as consultation regarding the development and delivery of the project objectives. In addition, funds are used for support of standards-alignment and Reading First training and materials.

Title III English Language Learning Grant - This fund is used to provide professional development in the field of bilingual education to administrators, teachers and other staff in small and rural school districts.

Office on Violence Against Women Rural Grant - This fund is used to provide development of protocols and a training program to address domestic violence, dating violence, sexual assault and stalking crimes in the fourth judicial circuit. The training program will be used to educate law enforcement officers and court personnel, including judges and prosecutors.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Education (Continued)

Beginning Teacher Induction Pilot Program - This program provides staff development sessions, mentor support, and materials to teachers in their first and second years in the profession. The project is designed to provide continuous professional support as new teachers move through the certification process, from initial to standard.

ARRA General State Aid - This fund accounts for federal monies received from the Illinois State Board of Education to pay salaries to support programs to address the educational needs of children at risk of academic failure.

Alternative Education Programs - Other - This fund regulates local, state, and federal revenue and expenses involving breakfast and lunch for the alternative schools.

Additionally, the Regional Office of Education #3 reports the following nonmajor funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Included among these funds are:

General Education Development (GED) - This fund accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

ROE School Bus Driver Training - This fund accounts for State and local receipts and expenses designed for initial and refresher courses of instruction for school bus drivers.

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

Institute - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses to promote the professional growth of teachers and school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

The Regional Office of Education #3 reports the following major proprietary funds:

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Enterprise Funds (Continued)

Included in this fund is:

Workshops - To account for the fees and local revenues received and related expenses incurred while performing the corresponding program services.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Under the provision of GASB Statement No. 20, *Accounting and financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Regional Office of Education #3 applies all GASB pronouncements and has elected to apply only the pronouncements issued on or before November 30, 1989 for the following: Statements and Interpretations of the Financial Accounting Standards Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Regional Office of Education #3's enterprise funds are charges to customers for sale and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The Regional Office of Education #3 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of less than three months to be cash and cash equivalents. State regulations require that the Regional Office of Education #3 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #3 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.”

3. Capital assets

Capital assets are reported in the applicable columns 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 to the value of the asset or materially extend assets’ lives are not capitalized.

Capital assets are depreciated using straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment and furniture	5-10
Computer equipment	3-5
Other equipment and leasehold improvements	5-20

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

4. Compensated Absences

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days, and therefore, no liability is accrued.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

5. Equity Classifications

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.

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

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

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

E. New Accounting Pronouncement

The Regional Office of Education #3 has implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for the fiscal year beginning July 1, 2008. The Regional Office of Education #3 has also implemented GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, effective for the fiscal year beginning July 1, 2008. These Statements had no effect on the Regional Office of Education #3’s net assets or changes in net assets.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances- governmental funds* and *change in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “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.” The details of this \$4,358 difference are as follows:

Capital outlay	\$ 19,660
Depreciation expense	<u>(24,018)</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (4,358)</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net assets.” The details of the reconciling amount are as follows:

In the statement of activities, only the gain or loss on the sale or disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the undepreciated cost of the capital assets disposed of or sold.	<u>\$ 587</u>
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3. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education #3 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgets relating to programs funded by grants from the Illinois Community College Board must also be prepared and submitted for approval. Budgetary Comparison Schedules have been presented for the following grants received from the Illinois State Board of Education or the Illinois Community College Board: ROE/ISC Operations, Early Childhood 3705-00, Early Childhood 3705-01, Truants Alternative/Optional Education, Adult Education & Family Literacy, Regional Safe Schools, McKinney Education for Homeless Children, Learn and Serve America, Title III English Language Learning Grant, and Beginning Teacher Induction Pilot Program.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

4. USE OF ESTIMATES

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

5. DEPOSITS

At June 30, 2009, the carrying amount of the Regional Office of Education #3's cash deposits was \$586,721 and the bank balance was \$640,373 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #3's name, and were, therefore, not exposed to custodial credit risk. The Illinois Funds Money Market Fund accounts had a total bank balance of \$49,220 at June 30, 2009. This amount is fully collateralized and not subject to credit risk.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Office equipment and furniture	\$ 73,804	\$ -	\$ (13,565)	\$ 60,239
Computer equipment	122,122	13,615	(41,952)	93,785
Other equipment and leasehold improvements	76,974	6,045	-	83,019
Total capital assets being depreciated	<u>272,900</u>	<u>19,660</u>	<u>(55,517)</u>	<u>237,043</u>
Less accumulated depreciation for:				
Office equipment and furniture	(46,415)	(8,948)	13,565	(41,798)
Computer equipment	(98,632)	(12,531)	41,365	(69,798)
Other equipment and leasehold improvements	(69,690)	(2,539)	-	(72,229)
Total accumulated depreciation	<u>(214,737)</u>	<u>(24,018)</u>	<u>54,930</u>	<u>(183,825)</u>
Governmental activities capital assets, net	<u>\$ 58,163</u>	<u>\$ (4,358)</u>	<u>\$ (587)</u>	<u>\$ 53,218</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets being depreciated:				
Office equipment and furniture	\$ 24,072	\$ -	\$ (2,112)	\$ 21,960
Computer equipment	13,713	1,165	-	14,878
Other equipment and leasehold improvements	19,089	-	(989)	18,100
Total capital assets being depreciated	<u>56,874</u>	<u>1,165</u>	<u>(3,101)</u>	<u>54,938</u>
Less accumulated depreciation for:				
Office equipment and furniture	(12,319)	(6,835)	2,112	(17,042)
Computer equipment	(10,674)	(1,816)	-	(12,490)
Other equipment and leasehold improvements	(19,089)	-	989	(18,100)
Total accumulated depreciation	<u>(42,082)</u>	<u>(8,651)</u>	<u>3,101</u>	<u>(47,632)</u>
Business-type activities capital assets, net	<u>\$ 14,792</u>	<u>\$ (7,486)</u>	<u>\$ -</u>	<u>\$ 7,306</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education #3 as follows:

Governmental activities:	
Instructional services	<u>\$ 24,018</u>
Business-type activities:	
Instructional services	<u>\$ 8,651</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education #3 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 nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2009 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, 2008 and 2007.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2009, and the member THIS Fund health insurance contribution was 0.84 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #3's TRS-covered employees.

On-Behalf Contributions - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #3. For the year ended June 30, 2009, State of Illinois contributions were based on 17.08 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #3 recognized revenue and expenditures of \$77,864 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008, and June 30, 2007, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal awards were 13.11 percent (\$53,772) and 9.78 percent (\$34,994), respectively.

The State contributions to TRS for the years ended June 30, 2009 and June 30, 2008 were based on an actuarial formula. The state contribution for the year June 30, 2007 was based on dollar amount specified by the statute and was not actuarially determined.

The Regional Office of Education #3 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, 2009 were \$2,790. Contributions for the years ended June 30, 2008, and June 30, 2007 were \$2,400 and \$2,075, respectively.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Federal and Trust Fund Contributions - When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #3, there is a statutory requirement for the Regional Office of Education #3 to pay an employer pension contribution from those funds.

Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2008 and 2007, the employer contribution was 13.11 and 9.78 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2009, salaries totaling \$22,075 were paid from federal and special trust funds that required employer contributions of \$3,770. For the years ended June 30, 2008, and June 30, 2007, required Regional Office of Education #3 contributions were \$2,894 and \$1,564, respectively.

Early Retirement Option – The Regional Office of Education #3 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.

Under Public Act 94-0004, a “Pipeline ERO” program was provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they met certain conditions and retired on or before July 1, 2007. If members did not meet these conditions, they can retire under the “Modified ERO” program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualified for the Pipeline ERO).

Under the Pipeline ERO, the maximum employer contribution was 100 percent of the member’s highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and the 117.5 percent maximums apply when the member is age 55 at retirement.

For the three years ended June 30, 2009, the Regional Office of Education #3 made no payments to TRS for employer contributions under the Early Retirement Option.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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, 2009, the Regional Office of Education #3 made no payments for employer contributions to TRS due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.67 percent of salary during the year ended June 30, 2009).

For the three years ended June 30, 2009, the Regional Office of Education #3 made no payments for employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2008. The report for the year ended June 30, 2009, is expected to be available in late 2009.

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

B. Illinois Municipal Retirement Fund

Plan Description – The Regional Office of Education #3's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #3's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Funding Policy – As set by statute, the Regional Office of Education #3’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 8.96 percent of annual covered payroll. The Regional Office of Education #3 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 supplemental retirement benefits rate is set by statute.

Annual Pension Cost – For 2008, the Regional Office of Education #3’s annual pension cost of \$49,736 for the Regular plan was equal to Regional Office of Education #3’s required and actual contributions.

Three-Year Trend Information for the Regular Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2008	\$ 49,736	100%	\$ -
12/31/2007	42,593	100%	-
12/31/2006	54,445	100%	-

The required contribution for 2008 was determined as part of the December 31, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.0 percent annually. The actuarial value of the Regional Office of Education #3’s Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The Regional Office of Education #3’s 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, 2006, was 5 years.

Funded Status and Fund Progress – As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 89.63 percent funded. The actuarial accrued liability for benefits was \$1,130,002 and the actuarial value of assets was \$1,012,870, resulting in an underfunded actuarial accrued liability (UAAL) of \$117,132. The covered payroll (annual payroll of active employees covered by the plan) was \$555,089 and the ratio of the UAAL to the covered payroll was 21 percent.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

The schedule of funding progress, presented as required supplementary information (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.

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

8. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2009, interfund receivables and payables were as follows:

Due To (Receivable)	Due From (Payable)	Balance at June 30, 2009
General Fund:	Education Fund:	
General	Office on Violence Against Women Rural Grant	\$ 37,074
County	Early Childhood	11,149
County	RESPRO	8,312
County	ASPIRE South	15,598
County	Title III English Language Learning Grant	1,623
County	Beginning Teacher Induction Pilot Program	20,918
County	Adult Education & Family Literacy	3,961
		\$ 98,635

At June 30, 2009, receivables to the General Fund were temporary advances to each fund for expenditure reimbursements.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

9. TRANSFERS

At June 30, 2009, interfund transfers were as follows:

Transfer From Other Funds (Transfers In)	Transfer To Other Funds (Transfers Out)																
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Workshops</td> <td style="text-align: right; vertical-align: bottom;">\$ 2,518</td> </tr> <tr> <td>Workshops</td> <td style="text-align: right; border-bottom: 1px solid black;">84,111</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">\$ 86,629</td> </tr> </table>	Workshops	\$ 2,518	Workshops	84,111		\$ 86,629	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">General Fund:</td> </tr> <tr> <td style="width: 80%;">EIU</td> <td style="text-align: right; vertical-align: bottom;">\$ 2,518</td> </tr> <tr> <td colspan="2">Education Fund:</td> </tr> <tr> <td>Technology</td> <td style="text-align: right; border-bottom: 1px solid black;">84,111</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">\$ 86,629</td> </tr> </table>	General Fund:		EIU	\$ 2,518	Education Fund:		Technology	84,111		\$ 86,629
Workshops	\$ 2,518																
Workshops	84,111																
	\$ 86,629																
General Fund:																	
EIU	\$ 2,518																
Education Fund:																	
Technology	84,111																
	\$ 86,629																

The Technology fund and part of the EIU fund was consolidated into the Workshops fund.

10. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education #3 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education #3 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

11. ON-BEHALF PAYMENTS

The Regional Office of Education #3 received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

Regional Superintendent-salary	\$ 96,435
Regional Superintendent-benefits (includes State paid insurance)	22,145
Assistant Regional Superintendent-salary	86,791
Assistant Regional Superintendent-benefits (includes State paid insurance)	19,830
TRS pension contributions	77,864
	\$ 303,065

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.

The on-behalf payments are reflected as revenues and expenditures of the General Fund.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

12. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS

The Regional Office of Education #3 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education #3 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

13. OPERATING LEASE

The Bond, Fayette, and Effingham Counties Regional Office of Education #3 has entered into an annual operating lease through June 30, 2009 for its Alternative Education Programs to provide classroom space for the Focus and New Approach Schools and office space for grant programs. Rent expense for 2009 totaled \$64,320.

14. DUE FROM OTHER GOVERNMENTS

The Regional Office of Education #3's General Fund, Enterprise Fund and various grant programs have funds due from various other governmental units which consist of the following at June 30, 2009:

Due From Other Governments:

General Fund:

Illinois State Board of Education	\$ 15,738
Local school districts	240

Education Fund:

Illinois State Board of Education	93,089
Illinois Criminal Justice Information Authority	37,074
Regional Office of Education #50	8,312
Illinois Community College Board	6,562
Southern Illinois University	15,598
Local school districts	95

Nonmajor Governmental Funds:

Department of Corrections	2,205
Local school districts	20

178,933

Enterprise Funds:

Local school districts	1,245
------------------------	-------

Total \$ 180,178

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

NOTES TO FINANCIAL STATEMENTS

15. CONTINGENCIES

The Regional Office of Education #3 has received funding from federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #3 believes any adjustments that may arise will be insignificant to the Regional Office of Education #3's operations.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
UNAUDITED**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
12/31/2008	\$ 1,012,870	\$ 1,130,002	\$ 117,132	89.63 %	\$ 555,089	21.10 %
12/31/2007	1,060,016	1,056,674	(3,342)	100.32 %	552,445	0.00 %
12/31/2006	917,833	929,696	11,863	98.72 %	576,744	2.06 %

On a market value basis the actuarial value of assets as of December 31, 2008 was \$801,378. On a market basis, the funded ratio would be 70.92 percent.

Digest of Changes:

The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005-2007 Experience Study.

SUPPLEMENTAL INFORMATION

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2009**

	General	ROE/ISC Operations	County
ASSETS			
Cash and cash equivalents	\$ 492	\$ -	\$ 7,313
Due from other funds	52,812	-	61,561
Due from other governments	-	15,738	-
	<u>\$ 53,304</u>	<u>\$ 15,738</u>	<u>\$ 68,874</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 44
Due to other funds	-	15,738	-
	<u>-</u>	<u>15,738</u>	<u>44</u>
FUND BALANCES			
Unreserved	53,304	-	68,830
	<u>\$ 53,304</u>	<u>\$ 15,738</u>	<u>\$ 68,874</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
GENERAL FUND
June 30, 2009**

	EIU	Eliminations	Total
ASSETS			
Cash and cash equivalents	\$ 41,664	\$ -	\$ 49,469
Due from other funds	-	(15,738)	98,635
Due from other governments	240	-	15,978
	<u>41,904</u>	<u>(15,738)</u>	<u>164,082</u>
Total assets	<u>\$ 41,904</u>	<u>\$ (15,738)</u>	<u>\$ 164,082</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 13,870	\$ -	\$ 13,914
Due to other funds	-	(15,738)	-
	<u>13,870</u>	<u>(15,738)</u>	<u>13,914</u>
Total liabilities	<u>13,870</u>	<u>(15,738)</u>	<u>13,914</u>
FUND BALANCES			
Unreserved	<u>28,034</u>	<u>-</u>	<u>150,168</u>
Total liabilities and fund balances	<u>\$ 41,904</u>	<u>\$ (15,738)</u>	<u>\$ 164,082</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2009**

	<u>General</u>	<u>ROE/ISC Operations</u>	<u>County</u>
Revenues:			
Local sources	\$ 33,682	\$ -	\$ 238,809
State sources	-	74,438	-
On-behalf payments	303,065	-	-
Interest	1,840	-	-
	<u>338,587</u>	<u>74,438</u>	<u>238,809</u>
Total revenues			
	<u>338,587</u>	<u>74,438</u>	<u>238,809</u>
Expenditures:			
Salaries and benefits	19,484	41,019	142,832
Purchased services	5,241	18,173	36,692
Supplies and materials	168	8,055	6,420
Capital outlay	-	7,136	-
Other objects	-	55	-
On-behalf payments	303,065	-	-
	<u>327,958</u>	<u>74,438</u>	<u>185,944</u>
Total expenditures			
	<u>327,958</u>	<u>74,438</u>	<u>185,944</u>
Excess (deficiency) of revenues over (under) expenditures	10,629	-	52,865
Other financing uses:			
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,629	-	52,865
Fund balances, beginning of year	42,675	-	15,965
	<u>42,675</u>	<u>-</u>	<u>15,965</u>
Fund balances, end of year	\$ 53,304	\$ -	\$ 68,830
	<u>\$ 53,304</u>	<u>\$ -</u>	<u>\$ 68,830</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2009**

	<u>EIU</u>	<u>Total</u>
Revenues:		
Local sources	\$ 190,130	\$ 462,621
State sources	-	74,438
On-behalf payments	-	303,065
Interest	-	1,840
	<u>190,130</u>	<u>841,964</u>
Total revenues		
Expenditures:		
Salaries and benefits	464	203,799
Purchased services	224,355	284,461
Supplies and materials	2,260	16,903
Capital outlay	-	7,136
Other objects	-	55
On-behalf payments	-	303,065
	<u>227,079</u>	<u>815,419</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	(36,949)	26,545
Other financing uses:		
Transfers out	<u>(2,518)</u>	<u>(2,518)</u>
Net change in fund balances	(39,467)	24,027
Fund balances, beginning of year	<u>67,501</u>	<u>126,141</u>
Fund balances, end of year	<u>\$ 28,034</u>	<u>\$ 150,168</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #09-3730-00
For the year ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 74,438	\$ 74,438	\$ 74,438	\$ -
Expenditures:				
Salaries and Benefits	41,170	41,170	41,019	151
Purchased services	21,820	19,570	18,173	1,397
Supplies and materials	4,400	7,650	8,055	(405)
Capital outlay	6,948	5,948	7,136	(1,188)
Other objects	100	100	55	45
Total expenditures	74,438	74,438	74,438	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND**

June 30, 2009

	<u>Technology</u>	<u>Early Childhood</u>	<u>Attendance Officer</u>	<u>Illinois Family Violence Coordinating Council</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 4,811	\$ 7,232
Due from other governments	-	11,149	-	75
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ -</u>	<u>\$ 11,149</u>	<u>\$ 4,811</u>	<u>\$ 7,307</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	-	11,149	-	-
Deferred revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>11,149</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Unreserved	<u>-</u>	<u>-</u>	<u>4,811</u>	<u>7,307</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 11,149</u>	<u>\$ 4,811</u>	<u>\$ 7,307</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2009**

	<u>RESPRO</u>	<u>Standards Aligned Classroom</u>	<u>Cooperative Curriculum</u>	<u>Truants Alternative/ Optional Education</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 3,053	\$ 130,829
Due from other governments	8,312	-	20	28,494
	<u>8,312</u>	<u>-</u>	<u>3,073</u>	<u>159,323</u>
Total assets	<u>\$ 8,312</u>	<u>\$ -</u>	<u>\$ 3,073</u>	<u>\$ 159,323</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,500
Salaries and benefits payable	-	-	-	47,514
Due to other funds	8,312	-	-	-
Deferred revenue	-	-	-	-
	<u>8,312</u>	<u>-</u>	<u>-</u>	<u>51,014</u>
Total liabilities	<u>8,312</u>	<u>-</u>	<u>-</u>	<u>51,014</u>
FUND BALANCES				
Unreserved	<u>-</u>	<u>-</u>	<u>3,073</u>	<u>108,309</u>
Total liabilities and fund balances	<u>\$ 8,312</u>	<u>\$ -</u>	<u>\$ 3,073</u>	<u>\$ 159,323</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2009**

	<u>Adult Education & Family Literacy</u>	<u>Regional Safe Schools</u>	<u>McKinney Education for Homeless Children</u>	<u>Learn & Serve America</u>
ASSETS				
Cash and cash equivalents	\$ 2,272	\$ 7,982	\$ 39,338	\$ 470
Due from other governments	<u>6,562</u>	<u>25,821</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 8,834</u>	<u>\$ 33,803</u>	<u>\$ 39,338</u>	<u>\$ 470</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 29	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	3,961	-	-	-
Deferred revenue	<u>4,844</u>	<u>-</u>	<u>39,338</u>	<u>470</u>
Total liabilities	<u>8,834</u>	<u>-</u>	<u>39,338</u>	<u>470</u>
FUND BALANCES				
Unreserved	<u>-</u>	<u>33,803</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 8,834</u>	<u>\$ 33,803</u>	<u>\$ 39,338</u>	<u>\$ 470</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2009**

	ASPIRE South	Title III English Language Learning Grant	Office on Violence Against Women Rural Grant	Beginning Teacher Induction Pilot Program
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	15,598	1,623	37,074	25,842
Total assets	\$ 15,598	\$ 1,623	\$ 37,074	\$ 25,842
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,924
Salaries and benefits payable	-	-	-	-
Due to other funds	15,598	1,623	37,074	20,918
Deferred revenue	-	-	-	-
Total liabilities	15,598	1,623	37,074	25,842
FUND BALANCES				
Unreserved	-	-	-	-
Total liabilities and fund balances	\$ 15,598	\$ 1,623	\$ 37,074	\$ 25,842

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2009**

	<u>ARRA General State Aid</u>	<u>Alternative Education - Other</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 57,222	\$ 253,209
Due from other governments	-	160	160,730
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ -</u>	<u>\$ 57,382</u>	<u>\$ 413,939</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 8,453
Salaries and benefits payable	-	-	47,514
Due to other funds	-	-	98,635
Deferred revenue	-	-	44,652
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>199,254</u>
FUND BALANCES			
Unreserved	<u>-</u>	<u>57,382</u>	<u>214,685</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 57,382</u>	<u>\$ 413,939</u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2009**

	Technology	Early Childhood	Attendance Officer	Illinois Family Violence Coordinating Council
Revenues:				
Local sources	\$ -	\$ -	\$ 5,336	\$ 8,130
State sources	-	60,216	-	18,387
Federal sources	-	-	-	-
Interest	-	-	-	-
Total revenues	-	60,216	5,336	26,517
Expenditures:				
Salaries and benefits	-	54,470	2,332	17,493
Purchased services	-	5,682	1,768	10,784
Supplies and materials	-	64	-	-
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
Other objects	-	-	-	-
Total expenditures	-	60,216	4,100	28,277
Excess (deficiency) of revenues over (under) expenditures	-	-	1,236	(1,760)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(84,111)	-	-	-
Total other financing sources (uses)	(84,111)	-	-	-
Net change in fund balances	(84,111)	-	1,236	(1,760)
Fund balances, beginning of year	84,111	-	3,575	9,067
Fund balances, end of year	\$ -	\$ -	\$ 4,811	\$ 7,307

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2009**

	RESPRO	Standards Aligned Classroom	Cooperative Curriculum	Truants Alternative/ Optional Education
Revenues:				
Local sources	\$ -	\$ 48	\$ 3,775	\$ -
State sources	-	-	-	380,445
Federal sources	73,698	45,000	-	-
Interest	-	-	-	560
Total revenues	73,698	45,048	3,775	381,005
Expenditures:				
Salaries and benefits	54,594	10,585	-	282,006
Purchased services	17,504	7,463	3,830	83,090
Supplies and materials	-	-	-	20,693
Capital outlay	-	-	-	12,524
Payments to other governments	-	27,000	-	-
Other objects	1,600	-	-	-
Total expenditures	73,698	45,048	3,830	398,313
Excess (deficiency) of revenues over (under) expenditures	-	-	(55)	(17,308)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(97,891)
Total other financing sources (uses)	-	--	-	(97,891)
Net change in fund balances	-	-	(55)	(115,199)
Fund balances, beginning of year	-	-	3,128	223,508
Fund balances, end of year	\$ -	\$ -	\$ 3,073	\$ 108,309

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2009**

	Adult Education & Family Literacy	Regional Safe Schools	McKinney Education for Homeless Children	Learn and Serve America
Revenues:				
Local sources	\$ -	\$ 25,444	\$ 1	\$ -
State sources	34,464	231,224	-	-
Federal sources	28,747	-	204,112	7,487
Interest	-	-	-	-
Total revenues	63,211	256,668	204,113	7,487
Expenditures:				
Salaries and benefits	51,458	197,103	84,548	494
Purchased services	2,973	38,687	44,471	5,118
Supplies and materials	11,911	20,580	8,732	1,875
Capital outlay	-	-	-	-
Payments to other governments	-	-	66,362	-
Other objects	-	-	-	-
Total expenditures	66,342	256,370	204,113	7,487
Excess (deficiency) of revenues over (under) expenditures	(3,131)	298	-	-
Other financing sources (uses):				
Transfers in	2,502	33,505	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	2,502	33,505	-	-
Net change in fund balances	(629)	33,803	-	-
Fund balances, beginning of year	629	-	-	-
Fund balances, end of year	\$ -	\$ 33,803	\$ -	\$ -

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)**

EDUCATION FUND ACCOUNTS

For the year ended June 30, 2009

	ASPIRE South	Title III English Language Learning Grant	Office on Violence Against Women Rural Grant	Beginning Teacher Induction Pilot Program
Revenues:				
Local sources	\$ 30,963	\$ -	\$ -	\$ -
State sources	-	-	-	25,842
Federal sources	-	5,152	104,674	-
Interest	-	-	-	-
Total revenues	30,963	5,152	104,674	25,842
Expenditures:				
Salaries and benefits	30,650	2,140	16,599	-
Purchased services	294	1,512	10,550	10,661
Supplies and materials	19	1,500	4,775	15,181
Capital outlay	-	-	-	-
Payments to other governments	-	-	72,750	-
Other objects	-	-	-	-
Total expenditures	30,963	5,152	104,674	25,842
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2009**

	ARRA General State Aid	Alternative Education - Other	Eliminations	Total
Revenues:				
Local sources	\$ -	\$ 43,010	\$ -	\$ 116,707
State sources	-	789	-	751,367
Federal sources	109,292	23,536	-	601,698
Interest	-	-	-	560
Total revenues	109,292	67,335	-	1,470,332
Expenditures:				
Salaries and benefits	109,292	-	-	913,764
Purchased services	-	71,837	-	316,224
Supplies and materials	-	-	-	85,330
Capital outlay	-	-	-	12,524
Payments to other governments	-	-	-	166,112
Other objects	-	-	-	1,600
Total expenditures	109,292	71,837	-	1,495,554
Excess (deficiency) of revenues over (under) expenditures	-	(4,502)	-	(25,222)
Other financing sources (uses):				
Transfers in	-	61,884	(97,891)	-
Transfers out	-	-	97,891	(84,111)
Total other financing sources (uses)	-	61,884	-	(84,111)
Net change in fund balances	-	57,382	-	(109,333)
Fund balances, beginning of year	-	-	-	324,018
Fund balances, end of year	\$ -	\$ 57,382	\$ -	\$ 214,685

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD - PROJECT #09-3705-00
For the year ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 23,512	\$ 23,982	\$ 23,982	\$ -
Expenditures:				
Salaries and benefits	21,680	21,680	21,602	78
Purchased services	1,782	2,252	2,337	(85)
Supplies and materials	50	50	43	7
Total expenditures	23,512	23,982	23,982	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD - PROJECT #09-3705-01
For the year ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 35,524	\$ 36,234	\$ 36,234	\$ -
Expenditures:				
Salaries and benefits	33,130	33,130	32,868	262
Purchased services	2,294	3,054	3,345	(291)
Supplies and materials	100	50	21	29
Total expenditures	35,524	36,234	36,234	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #09-3695-00
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 133,294	\$ 133,294	\$ 380,445	\$ 247,151
Interest	-	-	560	560
	<u>133,294</u>	<u>133,294</u>	<u>381,005</u>	<u>247,711</u>
Expenditures:				
Salaries and benefits	115,509	115,509	282,006	(166,497)
Purchased services	17,035	17,035	83,090	(66,055)
Supplies and materials	750	750	20,693	(19,943)
Capital outlay	-	-	12,524	(12,524)
	<u>133,294</u>	<u>133,294</u>	<u>398,313</u>	<u>(265,019)</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(17,308)	<u>\$ (17,308)</u>
Other financing uses:				
Transfers out			<u>(97,891)</u>	
Net change in fund balance			(115,199)	
Fund balance, beginning of year			<u>223,508</u>	
Fund balance, end of year			<u>\$ 108,309</u>	

Note: Actual column also includes Truant Alternative/Optional Education State Aid revenue (project #09-3001-92) of \$255,951.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION & FAMILY LITERACY - PROJECT #501AA
For the year ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 37,593	\$ 37,122	\$ 34,464	\$ (2,658)
Federal sources	30,421	28,932	28,747	(185)
Total revenues	<u>68,014</u>	<u>66,054</u>	<u>63,211</u>	<u>(2,843)</u>
Expenditures:				
Salaries and benefits	45,450	51,588	51,458	130
Purchased services	13,564	2,286	2,973	(687)
Supplies and materials	9,000	12,180	11,911	269
Total expenditures	<u>68,014</u>	<u>66,054</u>	<u>66,342</u>	<u>(288)</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(3,131)	<u>\$ (3,131)</u>
Other financing sources:				
Transfers in			<u>2,502</u>	
Net change in fund balance			(629)	
Fund balance, beginning of year			<u>629</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #09-3696-00
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources	\$ -	\$ -	\$ 25,444	\$ 25,444
State sources	<u>125,826</u>	<u>125,826</u>	<u>231,224</u>	<u>105,398</u>
Total revenues	<u>125,826</u>	<u>125,826</u>	<u>256,668</u>	<u>130,842</u>
Expenditures:				
Salaries and benefits	109,623	109,623	197,103	(87,480)
Purchased services	16,203	16,203	38,687	(22,484)
Supplies and materials	<u>-</u>	<u>-</u>	<u>20,580</u>	<u>(20,580)</u>
Total expenditures	<u>125,826</u>	<u>125,826</u>	<u>256,370</u>	<u>(130,544)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	298	<u>\$ 298</u>
Other financing sources:				
Transfers in			<u>33,505</u>	
Net change in fund balance			33,803	
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 33,803</u>	

Note: Actual column also includes Regional Safe Schools State Aid revenue (project #09-3001-93) of \$113,741.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #08-4920-01
For the year ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 1	\$ 1
Federal sources	7,500	7,500	6,173	(1,327)
Total revenues	<u>7,500</u>	<u>7,500</u>	<u>6,174</u>	<u>(1,326)</u>
Expenditures:				
Salaries and benefits	3,875	3,875	3,732	143
Purchased services	3,625	1,000	-	1,000
Supplies and materials	-	2,625	2,442	183
Total expenditures	<u>7,500</u>	<u>7,500</u>	<u>6,174</u>	<u>1,326</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #09-4920-00
For the year ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	<u>\$ 210,104</u>	<u>\$ 237,277</u>	<u>\$ 197,939</u>	<u>\$ (39,338)</u>
Expenditures:				
Salaries and benefits	78,540	82,090	80,816	1,274
Purchased services	36,528	62,167	44,471	17,696
Supplies and materials	8,220	11,320	6,290	5,030
Payments to other governments	<u>86,816</u>	<u>81,700</u>	<u>66,362</u>	<u>15,338</u>
Total expenditures	<u>210,104</u>	<u>237,277</u>	<u>197,939</u>	<u>39,338</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
LEARN AND SERVE AMERICA - PROJECT #08-4910-00
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	<u>\$ 14,000</u>	<u>\$ 7,000</u>	<u>\$ 1,782</u>	<u>\$ (5,218)</u>
Expenditures:				
Salaries and benefits	2,195	1,100	88	1,012
Purchased services	7,585	5,160	1,295	3,865
Supplies and materials	2,320	740	399	341
Capital outlay	<u>1,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>14,000</u>	<u>7,000</u>	<u>1,782</u>	<u>5,218</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
LEARN AND SERVE AMERICA - PROJECT #09-4910-00
For the year ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 7,000	\$ 7,000	\$ 5,705	\$ (1,295)
Expenditures:				
Salaries and benefits	1,100	1,100	406	694
Purchased services	5,160	4,160	3,823	337
Supplies and materials	740	1,740	1,476	264
Total expenditures	7,000	7,000	5,705	1,295
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS**

TITLE III ENGLISH LANGUAGE LEARNING GRANT - PROJECT #09-4999-PD

For the year ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 5,152</u>	<u>\$ (848)</u>
Expenditures:				
Salaries and benefits	1,000	1,000	2,140	(1,140)
Purchased services	4,000	4,500	1,512	2,988
Supplies and materials	<u>1,000</u>	<u>500</u>	<u>1,500</u>	<u>(1,000)</u>
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>5,152</u>	<u>848</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
BEGINNING TEACHER INDUCTION PILOT PROGRAM - PROJECT #09-3982-00
For the year ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	<u>\$ 155,263</u>	<u>\$ 155,263</u>	<u>\$ 25,842</u>	<u>\$ (129,421)</u>
Expenditures:				
Salaries and benefits	14,400	18,000	-	18,000
Purchased services	123,188	118,113	10,661	107,452
Supplies and materials	<u>17,675</u>	<u>19,150</u>	<u>15,181</u>	<u>3,969</u>
Total expenditures	<u>155,263</u>	<u>155,263</u>	<u>25,842</u>	<u>129,421</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2009

	<u>General Education Development</u>	<u>ROE School Bus Driver Training</u>	<u>Supervisory</u>
ASSETS			
Cash and cash equivalents	\$ 15,929	\$ 4,040	\$ 3,452
Due from other governments	<u>2,205</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 18,134</u></u>	<u><u>\$ 4,040</u></u>	<u><u>\$ 3,452</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES	\$ -	\$ -	\$ -
FUND BALANCES			
Unreserved	<u>18,134</u>	<u>4,040</u>	<u>3,452</u>
Total liabilities and fund balances	<u><u>\$ 18,134</u></u>	<u><u>\$ 4,040</u></u>	<u><u>\$ 3,452</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2009**

	Institute	Total
ASSETS		
Cash and cash equivalents	\$ 14,998	\$ 38,419
Due from other governments	20	2,225
	\$ 15,018	\$ 40,644
LIABILITIES AND FUND BALANCES		
LIABILITIES		
	\$ -	\$ -
FUND BALANCES		
Unreserved	15,018	40,644
	\$ 15,018	\$ 40,644

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2009**

	General Education Development	ROE School Bus Driver Training	Supervisory
Revenues:			
Local sources	\$ 7,398	\$ 1,104	\$ -
State sources	13,126	822	3,000
Total revenues	<u>20,524</u>	<u>1,926</u>	<u>3,000</u>
Expenditures:			
Salaries and benefits	12,030	-	-
Purchased services	2,585	1,074	247
Supplies and materials	3,765	696	104
Total expenditures	<u>18,380</u>	<u>1,770</u>	<u>351</u>
Excess (deficiency) of revenues over (under) expenditures	2,144	156	2,649
Fund balance, beginning of year	<u>15,990</u>	<u>3,884</u>	<u>803</u>
Fund balance, end of year	<u><u>\$ 18,134</u></u>	<u><u>\$ 4,040</u></u>	<u><u>\$ 3,452</u></u>

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2009**

	Institute	Total
Revenues:		
Local sources	\$ 10,184	\$ 18,686
State sources	-	16,948
	10,184	35,634
Expenditures:		
Salaries and benefits	-	12,030
Purchased services	23,797	27,703
Supplies and materials	-	4,565
	23,797	44,298
Excess (deficiency) of revenues over (under) expenditures	(13,613)	(8,664)
Fund balance, beginning of year	28,631	49,308
Fund balance, end of year	\$ 15,018	\$ 40,644

FEDERAL FINANCIAL COMPLIANCE SECTION

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2009**

	Federal Grantor/ Pass-Through Grantor Program or Cluster Title	CFDA Number	Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/08 - 6/30/09
U.S. Department of Education:				
<i>Passed through Illinois State Board of Education</i>				
(M)	State Fiscal Stabilization Fund (SFSF) - Education State Grants Recovery Act	84.394A	09-4850-92	\$ 75,667
(M)	State Fiscal Stabilization Fund (SFSF) - Education State Grants Recovery Act	84.394A	09-4850-93	33,625
	Total State Fiscal Stabilization Fund (SFSF) - Education State Grants Recovery Act			<u>109,292</u>
(M)	McKinney Education for Homeless Children	84.196A	08-4920-01	6,173
(M)	McKinney Education for Homeless Children	84.196A	09-4920-00	197,939
	Total McKinney Educating for Homeless Children			<u>204,112</u>
	Title III English Language Learning Grant	84.365A	09-4999-PD	5,152
	Total Illinois State Board of Education			<u>318,556</u>
<i>Passed through Regional Office of Education #11</i>				
	Standards Aligned Classroom-Statewide Professional Development	84.367A	09-4935-00	45,000
<i>Passed through Regional Office of Education #50</i>				
*	Title II Teacher Quality - Leadership Grant	84.367	09-4935-SS	4,800
	Total of CFDA 84.367			<u>49,800</u>
<i>Passed through Regional Office of Education #50</i>				
*	Title I School Improvement and Accountability System of Support	84.010A	08-4331-SS	25,767
*	Title I School Improvement and Accountability System of Support	84.010A	09-4331-SS	43,131
	Total Title I School Improvement and Accountability System of Support			<u>68,898</u>
<i>Passed through Illinois Community College Board</i>				
	Adult Education and Family Literacy	84.002A	501AA	28,747
	Total U.S. Department of Education			<u>466,001</u>
Corporation of National and Community Service:				
<i>Passed through Illinois State Board of Education</i>				
	Learn and Serve America	94.004	08-4910-00	1,782
	Learn and Serve America	94.004	09-4910-00	5,705
	Total Learn and Serve America			<u>7,487</u>
	Total Corporation of National and Community Service			<u>7,487</u>
U.S. Department of Agriculture:				
<i>Passed through Illinois State Board of Education</i>				
	National School Lunch Program	10.555	08-4210-00	2,820
	National School Lunch Program	10.555	09-4210-00	14,603
	Total National School Lunch Program			<u>17,423</u>
	School Breakfast Program	10.553	08-4220-00	975
	School Breakfast Program	10.553	09-4220-00	5,138
	Total School Breakfast Program			<u>6,113</u>
	Total Illinois State Board of Education			<u>23,536</u>
	Total U.S. Department of Agriculture			<u>23,536</u>
U.S. Department of Justice:				
<i>Passed through Illinois Criminal Justice Information Authority</i>				
	Office on Violence Against Women Rural Grant	16.589	608900	104,674
	Total U.S Department of Justice			<u>104,674</u>
TOTAL				<u>\$ 601,698</u>

* Expenditures accounted for in RESPRO fund.

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**BOND, FAYETTE, AND EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2009**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education #3 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Regional Office of Education #3 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Standards Aligned Classroom- Statewide Professional Development	84.367A	<u>\$27,000</u>
McKinney Education for Homeless Children	84.196A	<u>\$66,362</u>
Office on Violence against Women Rural Grant	16.589	<u>\$72,750</u>

3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS

McKinney Education for Homeless Children – This program provides training and technical assistance to school districts in the 16 counties to assist school officials in understanding and complying with the McKinney-Vento Act.

ARRA General State Aid – This fund accounts for federal monies received from the Illinois State Board of Education to pay salaries to support programs to address the educational needs of children at risk of academic failure.

4. NON-CASH ASSISTANCE

The note is not applicable to Regional Office of Education #3.

5. AMOUNT OF INSURANCE

The note is not applicable to Regional Office of Education #3.

6. LOANS OR LOAN GUARANTEES OUTSTANDING

The note is not applicable to Regional Office of Education #3.