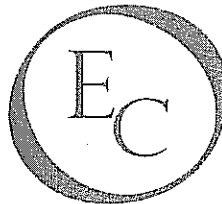


**STATE OF ILLINOIS
BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4**

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2008**

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



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4**

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**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4**

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**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4**

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**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Dr. Richard Fairgrievess

Assistant Regional Superintendent
(current and during the audit period)

Ms. Lori Fanello

Office is located at:

300 Heart Blvd.
Loves Park, IL 61111

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4
COMPLIANCE REPORT SUMMARY**

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

AUDITORS' REPORTS

The auditors' reports on 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	—	—
Repeated audit findings	—	—
Prior recommendations implemented or not repeated	—	2

SUMMARY OF FINDINGS AND QUESTIONED COSTS

Item No.	Page	Description	Finding Type
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
	12	None	N/A
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
	12	None	N/A
PRIOR FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)			
	13	None	N/A
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
		None	N/A

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4
COMPLIANCE REPORT SUMMARY - CONTINUED**

EXIT CONFERENCE

An exit conference was held on February 10, 2009 at the Boone/Winnebago Counties Regional Office of Education No. 4, 300 Heart Boulevard, Loves Park, Illinois 61111. Representing the ROE were Dr. Richard Fairgrievies, Regional Superintendent, Lori Fanello, Assistant Regional Superintendent, Tom McCollough, Office Manager, Cyndy Sheetz, Administrative Officer, Anne Lazzerini and Denise Rux, Bookkeepers. Representing the Office of the Auditor General via teleconference was Kelly Mittelstaedt, Audit Manager. Representing E. C. Ortiz & Co., LLP were Stella B. Santos and Leilani Rodrigo, Partners and Regina Falcon, Audit Senior.

FINANCIAL STATEMENT REPORT

Financial Presentation Examined

A financial statement audit consists of an audit of an agency's financial statements, including an examination of the underlying books and records, to determine whether those financial statements are fairly presented in accordance with generally accepted accounting principles.

The financial statement report is comprised of the following:

A Summary section providing a brief overview of the financial statement audit.

Auditors' Reports

- An Auditors' Report section containing statements by the auditors on the scope and results of their audit, as required by applicable professional standards.

Findings and Recommendations

- A Findings & Recommendations section containing sequentially numbered findings in which the auditors note any instances of nonconformity by the agency with applicable laws, rules, regulations, grant agreements, and other standards governing its conduct that were found by the auditors in the course of their review. All findings are discussed with the agency officials during the post audit process.

Each finding generally contains: a description of the condition found; a recommendation by the auditors for corrective action; a response by the agency either accepting or rejecting the auditors' finding; and a description of the agency's plan for addressing the problem.

- A Financial Statement section generally consisting of:

- Management's discussion and analysis (MD&A) as required supplementary information;
- Basic financial statements (entity-wide financial statements, fund financial statements, and notes to the financial statements);
- Required supplementary information other than MD&A.

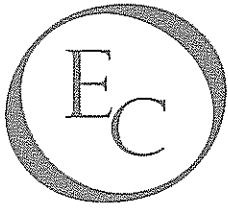
Financial Statements

Additional financial statements may be presented for agencies with special reporting requirements.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Boone/Winnebago Counties Regional Office of Education No. 4 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Boone/Winnebago Counties Regional Office of Education No. 4's basic financial statements.



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone/Winnebago Counties Regional Office of Education No. 4, as of and for the year ended June 30, 2008, which collectively comprise the Boone/Winnebago Counties Regional Office of Education No. 4's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Boone/Winnebago Counties Regional Office of Education No. 4's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone/Winnebago Counties Regional Office of Education No. 4, as of June 30, 2008, 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 April 1, 2009 on our consideration of the Boone/Winnebago Counties Regional Office of Education No. 4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

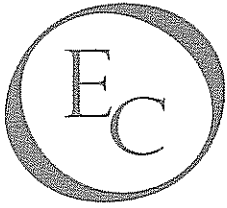
opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 14 through 19 and 49 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 Boone/Winnebago Counties Regional Office of Education No. 4's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others 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 the 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, Schedule of Disbursements to School District Treasurers and Others, 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.

E. C. Outley & Co., LLP

Chicago, Illinois
April 1, 2009



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone/Winnebago Counties Regional Office of Education No. 4, as of and for the year ended June 30, 2008, which collectively comprise the Boone/Winnebago Counties Regional Office of Education No. 4's basic financial statements and have issued our report thereon dated April 1, 2009. 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 Boone/Winnebago Counties Regional Office of Education No. 4'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 and not for the purpose of expressing an opinion on the effectiveness of the Boone/Winnebago Counties Regional Office of Education No. 4's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Boone/Winnebago Counties Regional Office of Education No. 4's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements 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 a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting 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 financial reporting that we consider to be material weaknesses, as defined above.

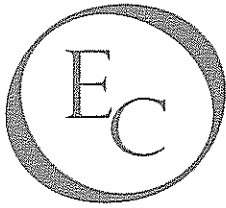
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boone/Winnebago Counties Regional Office of Education No. 4'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*.

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.

E. C. Ortiz & Co., LLP

Chicago, Illinois
April 1, 2009



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

**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 Boone/Winnebago Counties Regional Office of Education No. 4 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, 2008. The Boone/Winnebago Counties Regional Office of Education No. 4's major federal programs are identified in the Summary of Auditors' 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 Boone/Winnebago Counties Regional Office of Education No. 4's management. Our responsibility is to express an opinion on the Boone/Winnebago Counties Regional Office of Education No. 4'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 Boone/Winnebago Counties Regional Office of Education No. 4'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 of the Boone/Winnebago Counties Regional Office of Education No. 4's compliance with those requirements.

In our opinion, the Boone/Winnebago Counties Regional Office of Education No. 4 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, 2008.

Internal Control Over Compliance

The management of the Boone/Winnebago Counties Regional Office of Education No. 4 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 Boone/Winnebago Counties Regional Office of Education No. 4'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 Boone/Winnebago Counties Regional Office of Education No. 4'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.

E. C. Ortig & Co., LLP

Chicago, Illinois
April 1, 2009

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Part I: Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes ✓ None reported
- Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes ✓ 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 ✓ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I - School Improvement and Accountability
84.010A	Standards Aligned Classroom Initiative

Dollar threshold used to distinguish between type A and type B Programs: \$300,000

Auditee qualified as low-risk auditee? ✓ Yes No

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Part II: Findings Related to the Basic Financial Statements

There are no audit findings in the current year.

Part III: Findings and Questioned Costs for Federal Awards

Instances of Noncompliance:

None

Significant Deficiencies:

None

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008**

There were no audit findings in the prior year.

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

The Boone/Winnebago Counties Regional Office of Education No. 4 (ROE No. 4) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2008 with comparative information for the year ended June 30, 2007. Readers are encouraged to consider the information in conjunction with the ROE No. 4's basic financial statements.

2008 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$110,584 (12%) from \$909,704 in FY 2007 to \$1,020,288 in FY 2008. General Fund expenditures increased by \$111,440 (13%) from \$862,813 in FY 2007 to \$974,253 in FY 2008.
- Within the Governmental Funds, the Special Revenue Fund revenues increased by \$342,410 (7%) from \$5,022,454 in FY 2007 to \$5,364,864 in FY 2008. The Special Revenue Fund expenditures increased by \$872,649 (20%) from \$4,467,659 in FY 2007 to \$5,340,308 in FY 2008.
- The Enterprise Fund revenues increased by \$130,697 (20%) from \$652,416 in FY 2007 to \$783,113 in FY 2008. The Enterprise Fund expenditures increased by \$130,828 (24%) from \$546,190 in FY 2007 to \$677,018 in FY 2008.
- The ROE No. 4 has no long term debt.

Using This Report

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE No. 4's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE No. 4 as a whole and present an overall view of the ROE No. 4's finances.
- *Fund financial statements* report the ROE No. 4's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements and other supplementary information provides detailed information about the major and non-major funds.

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

Reporting the Boone/Winnebago Counties Regional Office of Education No. 4 as a Whole

It is important to note, that many grants are a cooperative effort of the ROE No. 4 and the DeKalb County Regional Office of Education No. 16 and the McHenry County Regional Office of Education No. 44. Therefore, these figures may reflect grants that are intended to serve Boone/Winnebago Counties only and grants that serve DeKalb County and McHenry County.

The Statement of Net Assets and the Statement of Activities

The Government-wide financial statements report information about the ROE No. 4 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using generally accepted accounting principles and GASB 34.

The Government-wide financial statements report the ROE No. 4's net assets and how they have changed. Net assets - the difference between assets and liabilities - are one way to measure the ROE No. 4's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the ROE No. 4's overall financial condition, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

The Government-wide financial statements present the ROE No. 4's activities as governmental and business-type activities. Local, State, and federal funds finance most of the governmental activities while local workshops finance most of the business-type activities.

Fund Financial Statements

The fund financial statements provide detailed information about the ROE No. 4's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The ROE No. 4 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- (1) Governmental funds account for all of the ROE No. 4's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

the ROE No. 4's programs. The ROE No. 4's Governmental Funds include the General Fund and the Special Revenue Funds.

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

- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and non-major enterprise funds. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the ROE No. 4 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

Government-Wide Financial Analysis

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the ROE No. 4. The net assets at the end of FY 2008 and FY 2007 totaled \$4,424,914 and \$4,273,374, respectively. The analysis that follows provides a summary of the ROE No. 4's net assets as of June 30.

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
ASSETS						
Current assets	\$ 4,720,084	\$ 4,415,657	\$ 824,739	\$ 454,210	\$ 5,544,823	\$ 4,869,867
Capital assets, net of depreciation	26,833	51,979	4,150	5,210	30,983	57,189
TOTAL ASSETS	4,746,917	4,467,636	828,889	459,420	5,575,806	4,927,056
Current liabilities	887,518	653,682	263,374	-	1,150,892	653,682
TOTAL LIABILITIES	887,518	653,682	263,374	-	1,150,892	653,682
NET ASSETS						
Invested in capital assets, net of related debt	26,833	51,979	4,150	5,210	30,983	57,189
Restricted for teacher professional development	188,067	255,647	-	-	188,067	255,647
Unrestricted	3,644,499	3,506,328	561,365	454,210	4,205,864	3,960,538
TOTAL NET ASSETS	\$ 3,859,399	\$ 3,813,954	\$ 565,515	\$ 459,420	\$ 4,424,914	\$ 4,273,374

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

The ROE No. 4's net assets increased by \$151,540 (4%) from FY 2007. The increase occurred primarily in the enterprise funds due to the excess of revenues over expenses for workshops conducted by the ROE No. 4. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

CHANGES IN NET ASSETS

The following analysis shows the changes in net assets for the years ended June 30, 2007 and 2008.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 332,969	\$ 400,004	\$ 782,846	\$ 652,416	\$ 1,115,815	\$ 1,052,420
Operating grants and contributions	5,298,153	4,845,725	-	-	5,298,153	4,845,725
General revenues:						
State and local sources	127,159	141,194	-	-	127,159	141,194
Interest	157,679	180,609	267	-	157,946	180,609
On-behalf payments	469,192	364,626	-	-	469,192	364,626
Loss on disposal of assets	-	(170)	-	-	-	(170)
Total revenues	6,385,152	5,931,988	783,113	652,416	7,168,265	6,584,404
Expenses:						
Salaries	2,294,954	2,115,203	12,853	-	2,307,807	2,115,203
Benefits	392,414	374,072	-	-	392,414	374,072
Purchased services	2,477,816	1,764,727	638,155	525,817	3,115,971	2,290,544
Supplies and materials	197,792	226,432	23,538	14,819	221,330	241,251
Capital expenditures	103,998	50,522	1,412	5,466	105,410	55,988
Depreciation	25,146	26,205	1,060	88	26,206	26,293
Payments to other governments	378,395	419,517	-	-	378,395	419,517
On-behalf payments	469,192	364,626	-	-	469,192	364,626
Total expenses	6,339,707	5,341,304	677,018	546,190	7,016,725	5,887,494
Change in net assets	45,445	590,684	106,095	106,226	151,540	696,910
Net assets, beginning	3,813,954	3,223,270	459,420	353,194	4,273,374	3,576,464
Net assets, ending	<u>\$ 3,859,399</u>	<u>\$ 3,813,954</u>	<u>\$ 565,515</u>	<u>\$ 459,420</u>	<u>\$ 4,424,914</u>	<u>\$ 4,273,374</u>

Governmental Activities

Revenues for governmental activities were \$6,385,152 and expenses were \$6,339,707. The increase in revenues of \$453,164 (8%) is primarily due to the FY 2007 carryover revenues of Title I School Improvement and Accountability grant amounting to \$205,869 which was recognized in FY 2008. In addition, due to the additional funding for the Title II Teacher Quality - Leadership grant, revenues increased by \$182,537 (228%). The increase in revenues was however offset by the increase in expenditures by \$998,403 (19%). Salaries

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

and benefits increased by \$198,093 (8%). Purchased services increased by \$713,089 (40%) due to payments to consultants for the Title I and Title II grants.

Business-Type Activities

Revenues for business-type activities were \$783,113 and expenditures were \$677,018. The increase in revenues and expenditures is due mainly to an increase in local workshops conducted by the ROE No. 4 in FY 2008.

Financial Analysis of the ROE No. 4 Funds

As previously noted, the ROE No. 4 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE No. 4's Governmental Funds reported combined fund balances were \$3,832,566.

Governmental Fund Highlights

The General Assembly and the Illinois State Board of Education (ISBE) continue to increase the responsibilities of the Regional Offices of Education (ROE) without providing any additional resources.

Two areas will be cited where this is true:

- Certification requirements and procedures have changed from just certificate registration to certificate renewal with endorsements and highly qualified status requirements for teachers. This has increased the Regional Office's work load tremendously. Teachers and administrators are requiring one-on-one help to learn how to use the Educator Certification System to enter their professional development activities.
- Additional fingerprinting requirements for private and parochial school teachers have increased the work load on ROE staff.

Proprietary Fund Highlights

Total proprietary fund net assets increased by \$106,095 (23%). The increase resulted from the excess of revenues over expenditures for the workshop fund.

Fiduciary Fund Highlights

There was no significant movement in fiduciary funds for FY 2008. Total fiduciary net assets increased by \$92,895 (10%). Transactions during FY 2008 represent mainly transfers in and out of funds for Payroll Fund and CEANCI (Career Educational Associates of North Central Illinois).

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

Budgetary Highlights

The ROE No. 4 annually adopts budgets for several funds. The General Fund Accounts and KIDS Accounts are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from October 1 to September 30. All grant budgets are prepared by the ROE No. 4 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

The ROE No. 4's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE No. 4 maintains an inventory of capital assets which have been accumulated over time. In FY 2008, total additions amounted to \$0 and total retirements amounted to \$50,215. Depreciation expense for FY 2008 was \$26,206.

Economic Factors and Next Years' Budget

At the time these financial statements were prepared and audited, the ROE No. 4 was aware of several existing circumstances that could affect its financial condition in the future:

- The State aid foundation level for FY 2009 has increased to \$5,859 per student.
- Several grants have remained at previous year's funding levels.
- County board support for ROE No. 4 remains the same for FY 2009.
- The student growth in the region is stabilizing.
- The interest rate on investments continues to be low.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the ROE No. 4's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the ROE No. 4 at 300 Heart Blvd., Loves Park, IL 61111.

BASIC FINANCIAL STATEMENTS

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
STATEMENT OF NET ASSETS
JUNE 30, 2008**

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,666,976	\$ 811,061	\$ 5,478,037
Due from other governmental agencies	53,108	13,678	66,786
Total current assets	<u>4,720,084</u>	<u>824,739</u>	<u>5,544,823</u>
Noncurrent assets:			
Capital assets, net	<u>26,833</u>	<u>4,150</u>	<u>30,983</u>
TOTAL ASSETS	<u>4,746,917</u>	<u>828,889</u>	<u>5,575,806</u>
LIABILITIES			
Accounts payable and accrued expenses	724,312	263,374	987,686
Due to other governmental agencies	131,522	-	131,522
Deferred revenues	<u>31,684</u>	<u>-</u>	<u>31,684</u>
TOTAL LIABILITIES	<u>887,518</u>	<u>263,374</u>	<u>1,150,892</u>
NET ASSETS			
Invested in capital assets	26,833	4,150	30,983
Restricted for teacher professional development	188,067	-	188,067
Unrestricted	<u>3,644,499</u>	<u>561,365</u>	<u>4,205,864</u>
TOTAL NET ASSETS	<u>\$ 3,859,399</u>	<u>\$ 565,515</u>	<u>\$ 4,424,914</u>

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

EXHIBIT B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contribution	Primary Government		Total
Governmental Activities				Business-Type Activities		
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 2,294,954	\$ 132,166	\$ 2,175,803	\$ 13,015	\$ -	\$ 13,015
Benefits	392,414	22,402	375,581	5,569	-	5,569
Purchased services	2,477,816	141,232	2,117,247	(219,337)	-	(219,337)
Supplies and materials	197,792	10,126	175,936	(11,730)	-	(11,730)
Capital expenditures	103,998	3,450	91,425	(9,123)	-	(9,123)
Payments to other governments	378,395	23,593	362,161	7,359	-	7,359
Depreciation	25,146	-	-	(25,146)	-	(25,146)
Administrative						
On-behalf payments	469,192	-	-	(469,192)	-	(469,192)
Total governmental activities	6,339,707	332,969	5,298,153	(708,585)	-	(708,585)
Business-type activities:						
Professional development	677,018	782,846	-	-	105,828	105,828
Total business-type activities	677,018	782,846	-	-	105,828	105,828
Total primary government	\$ 7,016,725	\$ 1,115,815	\$ 5,298,153	(708,585)	105,828	(602,757)
General revenues:						
Local sources				127,159	-	127,159
Interest				157,679	267	157,946
On-behalf payments				469,192	-	469,192
Total general revenues and other financing source				754,030	267	754,297
Change in net assets				45,445	106,095	151,540
Net assets - beginning				3,813,954	459,420	4,273,374
Net assets - ending				\$ 3,859,399	\$ 565,515	\$ 4,424,914

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2008**

EXHIBIT C

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 507,017	\$ 3,746,520	\$ 413,439	\$ 4,666,976
Due from other funds	-	12,237	-	12,237
Due from other governmental agencies	270	51,432	1,406	53,108
TOTAL ASSETS	507,287	3,810,189	414,845	4,732,321
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	58,071	666,241	-	724,312
Due to other funds	-	12,237	-	12,237
Due to other governmental agencies	-	131,522	-	131,522
Deferred revenues	-	31,684	-	31,684
Total liabilities	58,071	841,684	-	899,755
FUND BALANCES				
Unreserved, reported in:				
General fund	449,216	-	-	449,216
Special revenue funds	-	2,968,505	414,845	3,383,350
Total fund balances	449,216	2,968,505	414,845	3,832,566
TOTAL LIABILITIES AND FUND BALANCES	\$ 507,287	\$ 3,810,189	\$ 414,845	\$ 4,732,321

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

EXHIBIT D

Total fund balances - governmental funds	\$	3,832,566
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>26,833</u>
Net assets of governmental activities	\$	<u><u>3,859,399</u></u>

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008**

EXHIBIT E

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES				
Federal sources	\$ -	\$ 2,188,238	\$ -	\$ 2,188,238
State sources	374,485	2,721,424	3,200	3,099,109
Local sources				
Intergovernmental	-	10,807	-	10,807
Licenses and permits	-	-	53,031	53,031
Fees for services	127,159	218,054	61,883	407,096
Interest	49,452	92,104	16,123	157,679
On-behalf payments	469,192	-	-	469,192
Total revenues	<u>1,020,288</u>	<u>5,230,627</u>	<u>134,237</u>	<u>6,385,152</u>
EXPENDITURES				
Instructional services:				
Salaries	175,215	2,098,115	21,624	2,294,954
Benefits	33,126	359,288	-	392,414
Purchased services	212,668	2,107,556	157,592	2,477,816
Supplies and materials	35,384	152,950	9,458	197,792
Payments to other governments	-	378,395	-	378,395
On-behalf payments	469,192	-	-	469,192
Capital expenditures	48,668	55,330	-	103,998
Total expenditures	<u>974,253</u>	<u>5,151,634</u>	<u>188,674</u>	<u>6,314,561</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	46,035	78,993	(54,437)	70,591
FUND BALANCES, BEGINNING OF YEAR	403,181	2,889,512	469,282	3,761,975
FUND BALANCES, END OF YEAR	<u>\$ 449,216</u>	<u>\$ 2,968,505</u>	<u>\$ 414,845</u>	<u>\$ 3,832,566</u>

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

EXHIBIT F

Net change in fund balances \$ 70,591

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Depreciation expense (25,146)

Change in net assets of governmental activities \$ 45,445

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2008

EXHIBIT G

	Business Type Activities - Enterprise Funds					Total
	Local Workshop	Curriculum 2004	Networking for Information Conference	Raising Student Achievement Conference	Conference Connect	
ASSETS						
Current assets:						
Cash and cash equivalents (overdraft)	\$ 701,739	\$ 18,390	\$ 20,850	\$ 75,523	\$ (5,441)	\$ 811,061
Due from other governmental agencies	-	-	-	-	13,678	13,678
Total current assets	701,739	18,390	20,850	75,523	8,237	824,739
Noncurrent assets:						
Capital assets, net	4,150	-	-	-	-	4,150
TOTAL ASSETS	705,889	18,390	20,850	75,523	8,237	828,889
LIABILITIES						
Accounts payable and accrued expenses	258,465	-	-	-	4,909	263,374
NET ASSETS						
Invested in capital assets	4,150	-	-	-	-	4,150
Unrestricted	443,274	18,390	20,850	75,523	3,328	561,365
TOTAL NET ASSETS	\$ 447,424	\$ 18,390	\$ 20,850	\$ 75,523	\$ 3,328	\$ 565,515

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2008

	Business Type Activities - Enterprise Funds							Total
	Local Workshop	Curriculum 2004	Networking for			Raising Student		
			Information Conference	Achievement Conference	Conference Connect			
OPERATING REVENUES								
Fees for services	\$ 697,065	\$ 23,240	\$ 12,051	\$ 36,812	\$ 13,678	\$ 782,846		
Interest	-	-	-	267	-	267		
Total operating revenues	697,065	23,240	12,051	37,079	13,678	783,113		
OPERATING EXPENSES								
Salaries	12,115	-	-	738	-	12,853		
Purchased services	596,349	20,808	8,220	2,428	10,350	638,155		
Supplies and materials	23,499	-	22	17	-	23,538		
Capital expenditures	1,412	-	-	-	-	1,412		
Depreciation	1,060	-	-	-	-	1,060		
Total operating expenses	634,435	20,808	8,242	3,183	10,350	677,018		
OPERATING INCOME	62,630	2,432	3,809	33,896	3,328	106,095		
TOTAL NET ASSETS, BEGINNING OF YEAR	384,794	15,958	17,041	41,627	-	459,420		
TOTAL NET ASSETS, END OF YEAR	\$ 447,424	\$ 18,390	\$ 20,850	\$ 75,523	\$ 3,328	\$ 565,515		

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2008**

EXHIBIT I

	Business Type Activities - Enterprise Funds						Total
	Local Workshop	Curriculum 2004	Networking for Information Conference		Raising Student Achievement Conference		
				Conference	Conference	Connect	
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts for workshops and services	\$ 697,065	\$ 23,240	\$ 12,051	\$ 37,079	\$ -	\$ 769,435	
Payments to suppliers	(362,795)	(20,808)	(8,242)	(2,445)	(5,441)	(399,731)	
Payments to employees	(12,115)	-	-	(738)	-	(12,853)	
Net cash provided by (used in) operating activities	<u>322,155</u>	<u>2,432</u>	<u>3,809</u>	<u>33,896</u>	<u>(5,441)</u>	<u>356,851</u>	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	322,155	2,432	3,809	33,896	(5,441)	356,851	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	379,584	15,958	17,041	41,627	-	454,210	
CASH AND CASH EQUIVALENTS (OVERDRAFT), END OF YEAR	<u>\$ 701,739</u>	<u>\$ 18,390</u>	<u>\$ 20,850</u>	<u>\$ 75,523</u>	<u>\$ (5,441)</u>	<u>\$ 811,061</u>	
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income	\$ 62,630	\$ 2,432	\$ 3,809	\$ 33,896	\$ 3,328	\$ 106,095	
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Effects of changes in assets and liabilities:							
Due from other governmental agencies	-	-	-	-	(13,678)	(13,678)	
Accounts payable and accrued expenses	258,465	-	-	-	4,909	263,374	
Depreciation	1,060	-	-	-	-	1,060	
Net cash provided by (used in) operating activities	<u>\$ 322,155</u>	<u>\$ 2,432</u>	<u>\$ 3,809</u>	<u>\$ 33,896</u>	<u>\$ (5,441)</u>	<u>\$ 356,851</u>	

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008**

EXHIBIT J

ASSETS

Cash and cash equivalents	<u>\$ 1,062,016</u>
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LIABILITIES

Due to other governmental agencies	<u>\$ 1,062,016</u>
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The notes to the financial statements are an integral part of this statement.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Boone/Winnebago Counties Regional Office of Education No. 4 (Regional Office; ROE) operates under the School Code (Articles 3 and 3A of Illinois Compiled Statutes, Chapter 105). This encompasses Boone and Winnebago Counties, Illinois. The Regional Superintendent of Schools (Superintendent) serves as chief administrative officer of the Regional Office of Education No. 4 and is elected to the position for a four-year term pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general State aid, State categorical grants, and various other sources.

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.

The basic financial statements include all funds of the Boone/Winnebago Counties Regional Office of Education No. 4.

These are the only activities considered to be part of (controlled by or dependent on) the Boone/Winnebago Counties Regional Office of Education No. 4, as determined by the application of the criteria set forth in Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity. The criteria for inclusion of an entity include, but are not limited to, legal standing, fiscal dependency, imposition of will and potential for financial benefit or burden.

Boone/Winnebago Counties Regional Office of Education No. 4 has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. Furthermore, the Boone/Winnebago Counties Regional Office of Education No. 4 does not consider itself to be a component unit of any other 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 non-fiduciary activities of the

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

primary government. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the ROE that are governmental in nature and those that are considered business-type activities. *Governmental activities* normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. *Business-type activities* normally are supported by amounts assessed or received from local sources for the ROE programs.

The Statement of Net Assets presents the Boone/Winnebago Counties Regional Office of Education No. 4's nonfiduciary assets and liabilities with the differences reported as net assets. Net assets of the ROE are classified as follows:

Invested in Capital Assets - represent the ROE's total investment in capital assets. There is no outstanding debt related to these assets at this time.

Restricted Net Assets - represent resources in which the ROE is legally obligated to spend in accordance with restrictions imposed by enabling legislation.

Unrestricted Net Assets - represent resources used for transactions relating to the general operations of the ROE and may be used at the discretion of management to meet expenses for any purpose.

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 users 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. Items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Certain 2007 amounts within the Education Fund have been reclassified to conform to the 2008 presentation. In prior years, Truants Alternative Program fund which consists of Truants Alternative Program, General State Aid and Regional Attendance Cooperative activities have been reported separately under the Education Fund. In FY 2008, the Truants Alternative Program activities are reported under the Regional Learning Center and Regional Attendance Cooperative funds. The General State Aid fund activities are also reported under the Regional Learning Center fund.

C. New Accounting Pronouncement

Effective July 1, 2007, the Boone/Winnebago Counties Regional Office of Education No. 4 adopted the following accounting pronouncements:

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

- GASB Statement No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and 27*, which aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This statement amends applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*.
- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, which establishes criteria to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing.

There was no significant impact on the Boone/Winnebago Counties Regional Office of Education No. 4's financial statements as a result of adopting the above statements.

D. 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 revenues are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund and fiduciary financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Boone/Winnebago Counties Regional Office of Education No. 4 considers revenues as available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
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failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

The proprietary fund distinguishes *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.

When both restricted and unrestricted resources are available for use, it is the ROE's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund and account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The resources are allocated to and accounted for in individual funds and account groups based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types and account groups used:

Governmental Fund Types

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

General Fund - to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The general fund is reported as a major governmental fund in the financial statements. The following are the general funds:

General Operations - to account for monies received for, and payment of, expenditures in connection with general administrative activities.

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ROE/ISC Operations - to account for grant monies received for, and payment of expenditures for, assisting schools in all areas of school improvement.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes.

The Boone/Winnebago Counties Regional Office of Education No. 4 reported the following special revenue funds as major governmental funds:

Education Fund - to account for State and Federal grant monies received for, and payment of, administrating numerous grant awards which include:

Regional Alternative School - to account for grant monies received for, and payment of, expenditures for an alternative education program.

Regional Learning Center - to account for grant monies received for, and payment of, expenditures for the Regional Learning Center. This fund includes the following:

Workforce Investment Act - to account for grant monies received for, and payment of, expenditures associated with the WIA Program grant designed to provide vocational training services and coordination of activities to the economically disadvantaged.

Truants Alternative Program - to account for grant monies received for, and payment of, expenditures for optional education opportunities to school dropouts, potential dropouts and truants of the Region.

Regional Learning Center - State Aid - to account for grant monies received for, and payment of, expenditures for the general operations of alternative school programs of the Regional Learning Center.

Regional Learning Academy - to account for grant monies received for, and payment of, expenditures for the Regional Learning Academy. This fund includes the following:

Regional Safe Schools - to account for grant monies received for, and payment of, expenditures to change the program for expulsion/suspension eligible students.

General State Aid and Lunch - to account for grant monies received for, and payment of, expenditures for the general operations of alternative school programs of the Regional Learning Academy and other academy supplements.

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Title II - Teacher Quality - to account for grant monies received for, and payment of, expenditures incurred for improvement of instruction in the classroom.

Regional Attendance Cooperative - to account for grant monies received for, and payment of, expenditures for the Regional Attendance Cooperative. The fund activities are funded by a portion of the total grant received by the ROE for the Truants Alternative Optional Education Program (TAOEP).

KIDS Fund - to account for grant monies received for, and payment of, expenditures for the Kishwaukee Intermediate Delivery System Intergovernmental Agreement. This fund includes the following:

Standards Aligned Classroom Initiative - to account for resources accumulated for, and payment of, expenditures of the Standards Aligned Classroom Program. This supports teams that develop curriculum aligned with the Illinois Academic Standards.

Other State Programs - to account for grant monies received, and the payment of, expenditures incurred for the Standard Assessment Program. This program provides services to schools that are on "status" under No Child Left Behind. The grant provides training and technical assistance to the schools and helps them understand the causes for their student academic problems. The grant then helps the schools develop plans to address the problems.

Title II - Teacher Quality - Leadership - to account for grant monies received for, and payment of expenditures for the Teacher Quality Leadership Programs. These programs aim to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement.

Title I - School Improvement and Accountability - The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Boone/Winnebago Counties Regional Office of Education No. 4 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning are improved every year.

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Learning Technology Center - to account for monies from State of Illinois for expenditures incurred to create and support ongoing learning teams focused on alignment of classroom level assessment and instruction.

Principal Mentoring - to account for monies from the Illinois Principals Association for expenditures incurred to ensure that every new principal in the region receives a high-quality mentoring experience from trained mentors.

Nonmajor Special Revenue Funds - The Boone/Winnebago Counties Regional Office of Education No. 4 reported the following special revenue funds as nonmajor governmental funds.

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

Bus Driver Training - to account for resources accumulated for, and the payment of, expenses from instructional training courses for school bus drivers.

Supervisory - to account for resources accumulated for, and the payment of, expenditures incurred in providing supervisory services.

Educational Service Center No. 1 - to account for resources accumulated for, and the payment of, expenditures of the Educational Service Center No. 1.

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

Proprietary Funds - to account for resources from fees charged directly to those entities or individuals that use its services.

Local Workshop - to account for contract monies received for, and payment of, expenditures for workshops and other services for the school districts.

Curriculum 2004 - to account for monies received from school districts for seminars/meetings held for the improvement of the schools' curriculum.

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Networking for Information Conference - to account for monies received from school districts for seminars/meetings held focusing on technology solutions.

Raising Student Achievement Conference (RSAC) - to account for monies received for, and payment of, expenditures incurred by professional development programs that provide cost-effective, customizable professional development in targeted curricular areas that will focus on improving classroom teaching practices in order to raise student achievement.

Conference Connect - to account for monies received for, and payment of, expenditures incurred by seminars/training programs related to improving information technology.

Fiduciary Fund Type

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for individuals or private or governmental organizations. The Fiduciary Funds include the following:

Agency Funds - custodial in nature (assets equal liabilities) and do not involve measurement of operations. The agency funds include the following:

Distributive - to account for funds received and disbursed as a result of the Superintendent's responsibility to receive and distribute to treasurers of other agencies.

Audio Visual Co-op - to account for funds received and disbursed by the Superintendent as administrative agent for the Boone/Winnebago Audio Visual Co-op.

Career Educational Associates of North Central Illinois (CEANCI) - to account for funds received and disbursed by the Superintendent as administrative agent for the CEANCI Joint Agreement.

Payroll - to account for all payroll that is incurred. Any fund that has payroll remits the money to the Payroll Fund, the Fund then pays the employee. This is an administrating agent for the ROE's payroll.

F. Interest Revenue

Illinois State Board of Education (ISBE) funds received by the ROE for the Distributive Fund accrue interest for the period of time between the receipt of the funds and clearance of checks to the recipient. In accordance with an agreement dated May 24, 1988 with the

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school district boards served, interest earned on Distributive Fund deposits is transferred to the General Fund to offset wire service and other bank charges incurred by the Distributive Fund.

Distributive Fund interest earned and related charges are recognized as revenues and expenditures in the general fund.

G. License and Permits

License and permit revenues are recognized in the year for which the licenses or permits are issued. Teacher certification revenues are recognized over a five year period when applicable.

H. Revenues - Exchange and Non-exchange Transactions

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

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

I. Capital Assets

Capital assets result from expenditures in the governmental and proprietary funds. These assets are reported in the governmental and business-type activities columns of the government-wide Statement of Net Assets but are not reported in the fund financial statements for the governmental funds.

Capital assets are recorded at cost at time of acquisition or fair value at the date of donation. The ROE capitalizes items costing \$5,000 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives (three to forty years) of the respective assets.

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J. Deferred Revenues

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

K. Management Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Investments and Cash Accounts

State regulations require that the Boone/Winnebago Counties Regional Office of Education No. 4 deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize the Boone/Winnebago Counties Regional Office of Education No. 4 to make deposits or invest in obligation of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

M. Budgets and Budgetary Accounting

Boone/Winnebago Counties Regional Office of Education No. 4 did not formally adopt a budget for the year ended June 30, 2008 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following programs:

General Fund:

- ROE/ISC Operations

Special Revenue Funds:

- Education Fund:
 - Truants Alternative Program
 - Regional Learning Academy
 - Regional Safe Schools

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- Kids Fund
 - Other State Programs
 - Title II - Teacher Quality - Leadership
 - Title I - School Improvement and Accountability
 - Learning Technology Center

NOTE 2 - INTERGOVERNMENTAL AGREEMENT

On August 7, 1992, the Boone/Winnebago Counties Regional Office of Education No. 4 entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110.

The name of the Educational Service delivery system formed is known as the Kishwaukee Intermediate Delivery System (KIDS). Membership in KIDS is made up of the following Regional Offices of Education: Boone/Winnebago, DeKalb, and McHenry. The Boone/Winnebago ROE was designated as Administrative Agent.

NOTE 3 - CASH AND INVESTMENTS

Deposits

The Boone/Winnebago Counties Regional Office of Education No. 4 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$5,732,670 at June 30, 2008, while the bank balance was \$5,994,151. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2008. Of the total bank balance as of June 30, 2008, \$100,000 was secured by federal depository insurance and \$5,894,151 was collateralized by security pledged by the Boone/Winnebago Counties Regional Office of Education No. 4's financial institution on behalf of the Regional Office.

Investments

The ROE's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the Boone/Winnebago Counties Regional Office of Education No. 4 to purchase certain obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

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As of June 30, 2008, the Boone/Winnebago Counties Regional Office of Education No. 4 had investments with carrying and fair values of \$807,383 invested in the Illinois Funds Money Market.

Credit Risk

At June 30, 2008, the Illinois Funds Money Market Fund had a Standards and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investments Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

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

Concentration of Credit Risk

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

NOTE 4 - DUE FROM (TO) OTHER GOVERNMENTAL AGENCIES

The Boone/Winnebago Counties Regional Office of Education No. 4's General Fund, Special Revenue Fund and various grant programs have funds due to and due from various governmental units which consists of the following:

Due from Other Governmental Agencies:	
Illinois State Board of Education	\$ 42,115
Rock River Training Corporation	6,510
Local school districts	15,354
Illinois Principals Association	2,807
	\$ 66,786
Due to Other Governmental Agencies:	
Local school districts	\$ 1,193,538

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NOTE 5 - DUE FROM (TO) OTHER FUNDS

The following is a summary of amounts due from (to) other funds as of June 30, 2008:

Fund	Due From Other Funds	Due To Other Funds
Education Fund - Regional Attendance Cooperative	\$ 12,237	\$ -
Education Fund - Regional Learning Center - Truants Alternative Program	-	12,237
Total	<u>\$ 12,237</u>	<u>\$ 12,237</u>

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2008 is as follows:

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008
GOVERNMENTAL FUNDS				
Equipment	\$ 212,951	\$ -	\$ (50,215)	\$ 162,736
Less: accumulated depreciation	160,972	25,146	(50,215)	135,903
Capital assets, net	<u>\$ 51,979</u>	<u>\$ (25,146)</u>	<u>\$ -</u>	<u>\$ 26,833</u>
PROPRIETARY FUNDS				
Equipment	\$ 5,298	\$ -	\$ -	\$ 5,298
Less: accumulated depreciation	88	1,060	-	1,148
Capital assets, net	<u>\$ 5,210</u>	<u>\$ (1,060)</u>	<u>\$ -</u>	<u>\$ 4,150</u>

NOTE 7 - INTEREST ON DISTRIBUTIVE FUND

Interest earned on distributive fund receipts is recorded in the General Fund by the consent of all affected school boards and other entities. The funds are utilized by the Superintendent to purchase computer equipment, develop in-service activities and other innovative programs, as well as, assist with the necessary operating expenses of the Boone/Winnebago Counties Regional Office of Education No. 4's office.

NOTE 8 - SALARIES AND PENSION PLAN CONTRIBUTIONS

The salaries of the Regional Superintendent and the Assistant Superintendent are paid by the State of Illinois. The Regional Office personnel are paid by the Boone/Winnebago Counties, Illinois, in accordance with statutes. Employees of programs funded by federal and State

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grants are paid through the Payroll Fund or by the County of Winnebago and then reimbursed by the grants. The breakdown of the State on-behalf payments for the year ended June 30, 2008 is as follows:

Regional Superintendent Salary	\$ 105,761
Regional Superintendent Fringe Benefits (includes State paid insurance)	13,014
Assistant Regional Superintendents Salary	95,184
Assistant Regional Superintendent Fringe Benefits (includes State paid insurance)	17,984
TRS Contributions	237,249
Total	\$ 469,192

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent were calculated based on data provided by the Illinois State Board of Education.

NOTE 9 - RETIREMENT FUND COMMITMENTS

Teachers' Retirement System of the State of Illinois

The Boone/Winnebago Counties Regional Office of Education No. 4 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 the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2008, 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. 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, 2008, and the member THIS Fund health insurance contribution was 0.84 percent.

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The State of Illinois makes contributions directly to TRS on behalf of the Boone/Winnebago Counties Regional Office of Education No. 4's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Boone/Winnebago Counties Regional Office of Education No. 4. For the year ended June 30, 2008, State of Illinois contributions were based on 13.11 percent of creditable earnings not paid from federal funds, and the Boone/Winnebago Counties Regional Office of Education No. 4, recognized revenue and expenditures of \$237,249 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007 and June 30, 2006, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 9.78 percent (\$162,349) and 7.06 percent (\$112,195), respectively. The State contributions to TRS for the year ended June 30, 2008 were based on an actuarial formula. The State contributions to TRS for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined.

The Boone/Winnebago Counties Regional Office of Education No. 4 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, 2008 were \$10,608. Contributions for the years ended June 30, 2007, and June 30, 2006, were \$9,621 and \$9,012, respectively.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the Boone/Winnebago Counties Regional Office of Education No. 4, there is a statutory requirement for the Boone/Winnebago Counties Regional Office of Education No. 4 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. For the year ended June 30, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and trust funds. For the years ended June 30, 2007, and 2006, the employer contribution was 9.78 and 7.06 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2008, salaries totaling \$130,458 were paid from federal and special trust funds that required employer contributions of \$17,103. For the years ended June 30, 2007 and June 30, 2006, required Boone/Winnebago Counties Regional Office of Education No. 4 contributions were \$884 and \$7,304, respectively.
- **Early Retirement Option.** The Boone/Winnebago Counties Regional Office of Education No. 4 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary

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depending on the age and salary of the member and under which ERO program the member retires. 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 qualifies 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 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2008, the Boone/Winnebago Counties Regional Office of Education No. 4 paid \$0 to TRS for employer contributions under the program. For the years ended June 30, 2007 and June 30, 2006, the Boone/Winnebago Counties Regional Office of Education No. 4 paid \$0 in employer ERO contributions.

- **Salary Increases Over 6 Percent and Excess Sick Leave.** Public Act 94-0004 added two new 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 years ended June 30, 2008 and June 30, 2007, the Boone/Winnebago Counties Regional Office of Education No. 4 did not have any payments to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2008, the Boone/Winnebago Counties Regional Office of Education No. 4 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2007 and June 30, 2006, the Boone/Winnebago Counties Regional Office of Education No. 4 did not have any payments to TRS for employer contributions 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 (17.62 percent of salary during the year ended June 30, 2008). For the year ended June 30, 2008, the Boone/Winnebago Counties Regional Office of Education No. 4 paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2007 and June 30, 2006, the Boone/Winnebago Counties Regional Office of Education No. 4 did not have any

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payments 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, 2007. The report for the year ended June 30, 2008, is expected to be available in late 2008. 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.

Illinois Municipal Retirement Fund

Plan Description

The Boone/Winnebago Counties Regional Office of Education No. 4'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 Boone/Winnebago Counties Regional Office of Education No. 4'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. The report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, the Boone/Winnebago Counties Regional Office of Education No. 4's regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require 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 2007 was 11.24% of annual covered payroll. The Boone/Winnebago Counties Regional Office of Education No. 4 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For 2007, the Boone/Winnebago Counties Regional Office of Education No. 4's annual pension cost of \$45,113 for the regular plan was equal to the Boone/Winnebago Counties Regional Office of Education No. 4's required and actual contributions.

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THREE - YEAR TREND INFORMATION

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$ 45,113	100%	\$ -
12/31/06	55,853	100%	-
12/31/05	61,923	100%	-

The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2005 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Boone/Winnebago Counties Regional Office of Education No. 4 plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Boone/Winnebago Counties Regional Office of Education No. 4's regular plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 5 years.

Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the regular plan was 101.71% funded. The actuarial accrued liability for benefits was \$1,343,010 and the actuarial value of assets was \$1,365,967, resulting in an overfunded actuarial accrued liability (UAAL) of \$22,957. The covered payroll (annual payroll of active employees covered by the plan) was \$401,359 and since the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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

NOTE 10 - RELATED PARTY TRANSACTIONS

Fixed assets used solely by the Regional Office are purchased by the Boone/Winnebago Counties. Ownership of some fixed assets remains with the County of Winnebago and, accordingly, the cost of these assets is not included in any fund or in the Capital Assets in the

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financial statements. Other expenditures of the Regional Office are paid by the Boone/Winnebago Counties.

NOTE 11 - DEFICIT FUND BALANCE

The Regional Learning Center's Workforce Investment Act Fund which is reported under the Education Fund has a deficit fund balance of \$396 as of June 30, 2008. This deficit fund balance is expected to recover itself through payments from other governmental agencies in the next fiscal year.

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2008**

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

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
12/31/07	\$1,365,967	\$1,343,010	\$(22,957)	101.71%	\$ 401,359	0.00%
12/31/06	1,223,847	1,152,779	(71,068)	106.16%	434,990	0.00%
12/31/05	1,283,473	1,374,267	90,794	93.39%	629,941	14.41%

SUPPLEMENTARY INFORMATION

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2008**

SCHEDULE 1

	General Operations	ROE/ISC Operations	Total
ASSETS			
Cash and cash equivalents	\$ 282,835	\$ 224,182	\$ 507,017
Due from other governmental agencies	270	-	270
TOTAL ASSETS	<u>283,105</u>	<u>224,182</u>	<u>507,287</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	-	58,071	58,071
FUND BALANCES			
Unreserved	283,105	166,111	449,216
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 283,105</u>	<u>\$ 224,182</u>	<u>\$ 507,287</u>

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GENERAL FUND**

SCHEDULE 2

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008**

	General Operations	ROE/ISC Operations	Total
REVENUES			
State sources	\$ -	\$ 374,485	\$ 374,485
Local sources			
Fees for services	127,159	-	127,159
Interest	11,125	38,327	49,452
On-behalf payments	469,192	-	469,192
	<u>607,476</u>	<u>412,812</u>	<u>1,020,288</u>
Total revenues			
EXPENDITURES			
Salaries	-	175,215	175,215
Benefits	-	33,126	33,126
Purchased services	116,658	96,010	212,668
Supplies and materials	5,445	29,939	35,384
Capital expenditures	8,473	40,195	48,668
On-behalf payments	469,192	-	469,192
	<u>599,768</u>	<u>374,485</u>	<u>974,253</u>
Total expenditures			
EXCESS OF REVENUES OVER EXPENDITURES	7,708	38,327	46,035
FUND BALANCES, BEGINNING OF YEAR	<u>275,397</u>	<u>127,784</u>	<u>403,181</u>
FUND BALANCES, END OF YEAR	<u>\$ 283,105</u>	<u>\$ 166,111</u>	<u>\$ 449,216</u>

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

SCHEDULE 3

ROE/ISC Operations			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 374,485	\$ 374,485	\$ -
Interest	-	38,327	38,327
Total revenues	<u>374,485</u>	<u>412,812</u>	<u>38,327</u>
EXPENDITURES			
Salaries	166,928	175,215	(8,287)
Benefits	35,476	33,126	2,350
Purchased services	105,259	96,010	9,249
Supplies and materials	32,920	29,939	2,981
Capital expenditures	33,902	40,195	(6,293)
Total expenditures	<u>374,485</u>	<u>374,485</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>38,327</u>	<u>\$ 38,327</u>
FUND BALANCE, BEGINNING OF YEAR		<u>127,784</u>	
FUND BALANCE, END OF YEAR		<u>\$ 166,111</u>	

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2008

SCHEDULE 4

	Regional Alternative School	Regional Learning Center	Regional Learning Academy	Regional Attendance Cooperative	KIDS	Total
ASSETS						
Cash and cash equivalents	\$ 531,681	\$ 453,362	\$ 1,967,523	\$ 32,839	\$ 761,115	\$ 3,746,520
Due from other funds	-	-	-	12,237	-	12,237
Due from other governmental agencies	-	6,510	6,215	-	38,707	51,432
TOTAL ASSETS	<u>531,681</u>	<u>459,872</u>	<u>1,973,738</u>	<u>45,076</u>	<u>799,822</u>	<u>3,810,189</u>

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LIABILITIES AND FUND BALANCES

	Regional Alternative School	Regional Learning Center	Regional Learning Academy	Regional Attendance Cooperative	KIDS	Total
LIABILITIES						
Accounts payable and accrued expenses	19,500	19,139	833	33,839	592,930	666,241
Due to other funds	-	12,237	-	-	-	12,237
Due to other governmental agencies	-	-	-	-	131,522	131,522
Deferred revenues	-	-	-	-	31,684	31,684
Total liabilities	<u>19,500</u>	<u>31,376</u>	<u>833</u>	<u>33,839</u>	<u>756,136</u>	<u>841,684</u>
FUND BALANCES						
Unreserved	512,181	428,496	1,972,905	11,237	43,686	2,968,505
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 531,681</u>	<u>\$ 459,872</u>	<u>\$ 1,973,738</u>	<u>\$ 45,076</u>	<u>\$ 799,822</u>	<u>\$ 3,810,189</u>

SCHEDULE 5

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008**

	Regional Alternative School	Regional Learning Center	Regional Learning Academy	Regional Attendance Cooperative	KIDS	Total
REVENUES						
Federal sources	\$ -	\$ 47,600	\$ 23,116	\$ -	\$ 2,117,522	\$ 2,188,238
State sources	672,312	605,540	788,159	180,251	475,162	2,721,424
Local sources						
Intergovernmental	-	-	-	-	10,807	10,807
Fees for services	6,000	-	212,054	-	-	218,054
Interest	13,461	15,276	62,858	509	-	92,104
Total revenues	691,773	668,416	1,086,187	180,760	2,603,491	5,230,627
EXPENDITURES						
Salaries	452,296	545,113	573,635	175,583	351,488	2,098,115
Benefits	38,449	107,551	104,379	31,993	76,916	359,288
Purchased services	19,368	199,578	109,523	21,446	1,757,641	2,107,556
Supplies and materials	16,020	24,973	61,485	1,228	49,244	152,950
Capital expenditures	1,719	400	13,599	-	39,612	55,330
Payments to other governments	1,964	-	91,527	-	284,904	378,395
Total expenditures	529,816	877,615	954,148	230,250	2,559,805	5,151,634
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	161,957	(209,199)	132,039	(49,490)	43,686	78,993
FUND BALANCES, BEGINNING OF YEAR	350,224	637,695	1,840,866	60,727	-	2,889,512
FUND BALANCES, END OF YEAR	\$ 512,181	\$ 428,496	\$ 1,972,905	\$ 11,237	\$ 43,686	\$ 2,968,505

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2008**

SCHEDULE 6

	Truants Alternative Program *		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 466,178	\$ 466,178	\$ -
Local sources			
Interest	-	15,785	15,785
Total revenues	<u>466,178</u>	<u>481,963</u>	<u>15,785</u>
EXPENDITURES			
Salaries	290,674	309,783	(19,109)
Benefits	92,302	80,149	12,153
Purchased services	77,402	136,678	(59,276)
Supplies and materials	5,800	6,522	(722)
Total expenditures	<u>466,178</u>	<u>533,132</u>	<u>(66,954)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>(51,169)</u>	<u>\$ (51,169)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>88,222</u>	
FUND BALANCE, END OF YEAR		<u>\$ 37,053</u>	

* The program is currently reported under the Regional Learning Center Fund and Regional Attendance Cooperative Fund. The following is a summary of actual revenues and expenditures for the Truants Alternative Program reported in the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for each fund.

	Regional Learning Center	Regional Attendance Cooperative	Total
TOTAL REVENUES	\$ 301,203	\$ 180,760	\$ 481,963
TOTAL EXPENDITURES	<u>302,882</u>	<u>230,250</u>	<u>533,132</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,679)	(49,490)	(51,169)
FUND BALANCE, BEGINNING OF YEAR	<u>27,495</u>	<u>60,727</u>	<u>88,222</u>
FUND BALANCE, END OF YEAR	<u>\$ 25,816</u>	<u>\$ 11,237</u>	<u>\$ 37,053</u>

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
REGIONAL LEARNING CENTER
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2008

SCHEDULE 7

	Workforce Investment Act	Truants Alternative Program	Regional Learning Center - State Aid	Total
ASSETS				
Cash and cash equivalents (overdraft)	\$ (4,722)	\$ 55,008	\$ 403,076	\$ 453,362
Due from other governmental agencies	6,510	-	-	6,510
TOTAL ASSETS	1,788	55,008	403,076	459,872
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	2,184	16,955	-	19,139
Due to other funds	-	12,237	-	12,237
Total liabilities	2,184	29,192	-	31,376
FUND BALANCES (DEFICIT)				
Unreserved	(396)	25,816	403,076	428,496
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,788	\$ 55,008	\$ 403,076	\$ 459,872

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 REGIONAL LEARNING CENTER
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2008

	Workforce Investment Act	Truants Alternative Program	Regional Learning Center - State Aid	Total
REVENUES				
Federal sources	\$ 47,600	\$ -	\$ -	\$ 47,600
State sources	-	285,927	319,613	605,540
Local sources				
Interest	-	15,276	-	15,276
Total revenues	47,600	301,203	319,613	668,416
EXPENDITURES				
Salaries	38,085	134,200	372,828	545,113
Benefits	4,207	48,156	55,188	107,551
Purchased services	4,859	115,232	79,487	199,578
Supplies and materials	2,001	5,294	17,678	24,973
Capital expenditures	400	-	-	400
Total expenditures	49,552	302,882	525,181	877,615
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,952)	(1,679)	(205,568)	(209,199)
FUND BALANCES, BEGINNING OF YEAR	1,556	27,495	608,644	637,695
FUND BALANCES (DEFICIT), END OF YEAR	\$ (396)	\$ 25,816	\$ 403,076	\$ 428,496

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 REGIONAL LEARNING ACADEMY
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2008**

SCHEDULE 9

	Regional Safe Schools	General State Aid and Lunch	Title II - Teacher Quality	Total
ASSETS				
Cash and cash equivalents	-	\$ 1,966,690	\$ 833	\$ 1,967,523
Due from other governmental agencies	-	6,215	-	6,215
TOTAL ASSETS	-	1,972,905	833	1,973,738
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	-	-	833	833
FUND BALANCES				
Unreserved	-	1,972,905	-	1,972,905
TOTAL LIABILITIES AND FUND BALANCES	-	1,972,905	833	\$ 1,973,738

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
REGIONAL LEARNING ACADEMY**

SCHEDULE 10

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008**

	Regional Safe Schools	General State Aid and Lunch	Title II - Teacher Quality	Total
REVENUES				
Federal sources	\$ -	\$ 23,116	\$ -	\$ 23,116
State sources	477,917	310,242	-	788,159
Local sources				
Fees for services	-	212,054	-	212,054
Interest	-	62,858	-	62,858
Total revenues	477,917	608,270	-	1,086,187
EXPENDITURES				
Salaries	331,775	241,860	-	573,635
Benefits	70,316	34,063	-	104,379
Purchased services	69,703	39,820	-	109,523
Supplies and materials	6,123	55,362	-	61,485
Capital expenditures	-	13,599	-	13,599
Payments to other governments	-	91,527	-	91,527
Total expenditures	477,917	476,231	-	954,148
EXCESS OF REVENUES OVER EXPENDITURES	-	132,039	-	132,039
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(4,800)	4,800	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	(4,800)	136,839	-	132,039
FUND BALANCES, BEGINNING OF YEAR	4,800	1,836,066	-	1,840,866
FUND BALANCES, END OF YEAR	\$ -	\$ 1,972,905	\$ -	\$ 1,972,905

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4 SCHEDULE 11
 REGIONAL LEARNING ACADEMY
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2008**

	Regional Safe Schools		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 477,917	\$ 477,917	\$ -
EXPENDITURES			
Salaries	331,500	331,775	(275)
Benefits	69,731	70,316	(585)
Purchased services	71,000	69,703	1,297
Supplies and materials	5,686	6,123	(437)
Total expenditures	<u>477,917</u>	<u>477,917</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING USES			
Transfers out		<u>(4,800)</u>	
DEFICIENCY OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES		(4,800)	
FUND BALANCE, BEGINNING OF YEAR		<u>4,800</u>	
FUND BALANCE, END OF YEAR		<u>\$ -</u>	

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 KIDS FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2008

SCHEDULE 12

	Standards Aligned Classroom Initiative	Other State Programs	Title II - Teacher Quality - Leadership	Title I - School Improvement and Accountability	Learning Technology Center	Principal Mentoring	Total
Cash and cash equivalents (overdraft)	\$ 69,244	\$ 140,454	\$ 98,719	\$ 491,020	\$ (35,515)	\$ (2,807)	\$ 761,115
Due from other governmental agencies	-	-	-	-	35,900	2,807	38,707
TOTAL ASSETS	69,244	140,454	98,719	491,020	385	-	799,822
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	25,595	96,540	64,986	405,424	385	-	592,930
Due to other governmental agencies	-	43,914	33,696	53,912	-	-	131,522
Deferred revenues	-	-	-	31,684	-	-	31,684
Total liabilities	25,595	140,454	98,682	491,020	385	-	756,136
FUND BALANCES							
Unreserved	43,649	-	37	-	-	-	43,686
TOTAL LIABILITIES AND FUND BALANCES	\$ 69,244	\$ 140,454	\$ 98,719	\$ 491,020	\$ 385	\$ -	\$ 799,822

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
KIDS FUND**

SCHEDULE 13

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008**

	Standards Aligned Classroom Initiative	Other State Programs	Teacher Quality - Leadership	Title I - School Improvement and Accountability	Learning Technology Center	Principal Mentoring	Total
REVENUES							
Federal sources	\$ 188,961	-	\$ 262,537	\$ 1,666,024	-	-	\$ 2,117,522
State sources	-	322,679	-	-	152,483	-	475,162
Local sources	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	10,807	10,807
Total revenues	188,961	322,679	262,537	1,666,024	152,483	10,807	2,603,491
EXPENDITURES							
Salaries	2,800	31,952	-	211,698	105,038	-	351,488
Benefits	-	5,868	-	48,335	22,713	-	76,916
Purchased services	74,829	232,853	194,379	1,224,216	20,557	10,807	1,757,641
Supplies and materials	3,712	2,915	1,495	37,806	3,316	-	49,244
Capital expenditures	-	-	-	38,753	859	-	39,612
Payments to other governments	63,971	49,091	66,626	105,216	-	-	284,904
Total expenditures	145,312	322,679	262,500	1,666,024	152,483	10,807	2,559,805
EXCESS OF REVENUES OVER EXPENDITURES	43,649	-	37	-	-	-	43,686
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ 43,649	\$ -	\$ 37	\$ -	\$ -	\$ -	\$ 43,686

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 KIDS FUND
 BUDGETARY COMPARISON SCHEDULES
 YEAR ENDED JUNE 30, 2008

SCHEDULE 14

	Other State Programs			Title II - Teacher Quality - Leadership			Title I - School Improvement and Accountability		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$ 262,537	\$ 262,537	\$ -	\$ 1,751,013	\$ 1,666,024	\$ (84,989)
State sources	366,593	322,679	(43,914)	-	-	-	-	-	-
Total revenues	366,593	322,679	(43,914)	262,537	262,537	-	1,751,013	1,666,024	(84,989)
EXPENDITURES									
Salaries	32,000	31,952	48	-	-	-	189,400	211,698	(22,298)
Benefits	9,000	5,868	3,132	-	-	-	39,700	48,335	(8,635)
Purchased services	254,343	232,853	21,490	188,537	194,379	(5,842)	1,320,500	1,224,216	96,284
Supplies and materials	2,250	2,915	(665)	1,000	1,495	(495)	40,013	37,806	2,207
Capital expenditures	-	-	-	-	-	-	40,000	38,753	1,247
Payments to other governments	69,000	49,091	19,909	73,000	66,626	6,374	121,400	105,216	16,184
Total expenditures	366,593	322,679	43,914	262,537	262,500	37	1,751,013	1,666,024	84,989
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ 37	\$ 37	\$ -	\$ -	\$ -
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ 37	\$ 37	\$ -	\$ -	\$ -	\$ -

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 KIDS FUND
 BUDGETARY COMPARISON SCHEDULES
 YEAR ENDED JUNE 30, 2008

SCHEDULE 14
 (CONTINUED)

	Learning Technology Center			Total	Variance Favorable (Unfavorable)
	Budget	Actual	Budget		
REVENUES					
Federal sources	\$ -	\$ -	\$ -	\$ 1,928,561	\$ (84,989)
State sources	152,483	152,483	519,076	475,162	(43,914)
Total revenues	152,483	152,483	2,532,626	2,403,723	(128,903)
EXPENDITURES					
Salaries	105,038	105,038	-	348,688	(22,250)
Benefits	22,872	22,713	326,438	76,916	(5,344)
Purchased services	20,473	20,557	1,783,853	1,672,005	111,848
Supplies and materials	3,100	3,316	46,363	45,532	831
Capital expenditures	1,000	859	41,000	39,612	1,388
Payments to other governments	-	-	263,400	220,933	42,467
Total expenditures	152,483	152,483	2,532,626	2,403,686	128,940
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ 37	\$ 37
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ 37	\$ 37

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008

SCHEDULE 15

	General Education Development	Bus Driver Training	Supervisory	Educational Service Center No. 1	Institute	Total
ASSETS						
Cash and cash equivalents	\$ 75,695	\$ 8,657	\$ 1,896	\$ 139,124	\$ 188,067	\$ 413,439
Due from other governmental agencies	870	536	-	-	-	1,406
TOTAL ASSETS	<u>76,565</u>	<u>9,193</u>	<u>1,896</u>	<u>139,124</u>	<u>188,067</u>	<u>414,845</u>
FUND BALANCES						
Unreserved	<u>\$ 76,565</u>	<u>\$ 9,193</u>	<u>\$ 1,896</u>	<u>\$ 139,124</u>	<u>\$ 188,067</u>	<u>\$ 414,845</u>

BOONE/WINEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 NONMAJOR SPECIAL REVENUE FUNDS

SCHEDULE 16

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2008

	General Education Development	Bus Driver Training	Supervisory	Educational Service Center No. 1	Institute	Total
REVENUES						
State sources	\$ -	\$ 1,200	\$ 2,000	\$ -	\$ -	\$ 3,200
Local sources						
Licenses and permits	-	-	-	-	53,031	53,031
Fees for services	56,792	4,904	187	-	-	61,883
Interest	2,198	326	68	5,302	8,229	16,123
Total revenues	58,990	6,430	2,255	5,302	61,260	134,237
EXPENDITURES						
Salaries	21,624	-	-	-	-	21,624
Purchased services	24,780	6,484	2,100	-	124,228	157,592
Supplies and materials	3,911	935	-	-	4,612	9,458
Total expenditures	50,315	7,419	2,100	-	128,840	188,674
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,675	(989)	155	5,302	(67,580)	(54,437)
FUND BALANCES, BEGINNING OF YEAR	67,890	10,182	1,741	133,822	255,647	469,282
FUND BALANCES, END OF YEAR	\$ 76,565	\$ 9,193	\$ 1,896	\$ 139,124	\$ 188,067	\$ 414,845

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
FIDUCIARY FUNDS**

SCHEDULE 17

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008**

	Distributive	Audio Visual Co-op	Career Educational Associates of North Central Illinois	Payroll	Total
ASSETS					
Cash and cash equivalents	\$ 70	\$ 12,372	\$ 1,009,332	\$ 40,242	\$ 1,062,016
LIABILITIES					
Due to other governmental agencies	\$ 70	\$ 12,372	\$ 1,009,332	\$ 40,242	\$ 1,062,016

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
JUNE 30, 2008

SCHEDULE 18

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
DISTRIBUTIVE				
ASSETS				
Cash and cash equivalents	\$ 70	\$ 6,258,446	\$ 6,258,446	\$ 70
LIABILITIES				
Due to other governmental agencies	\$ 70	\$ 6,258,446	\$ 6,258,446	\$ 70
AUDIO VISUAL CO-OP				
ASSETS				
Cash and cash equivalents	\$ 6,065	\$ 9,659	\$ 3,352	\$ 12,372
LIABILITIES				
Due to other governmental agencies	\$ 6,065	\$ 9,659	\$ 3,352	\$ 12,372
CAREER EDUCATIONAL ASSOCIATES OF NORTH CENTRAL ILLINOIS				
ASSETS				
Cash and cash equivalents	\$ 954,774	\$ 1,590,096	\$ 1,535,538	\$ 1,009,332
LIABILITIES				
Due to other governmental agencies	\$ 954,774	\$ 1,590,096	\$ 1,535,538	\$ 1,009,332
PAYROLL				
ASSETS				
Cash and cash equivalents	\$ 8,212	\$ 2,957,411	\$ 2,925,381	\$ 40,242
LIABILITIES				
Due to other governmental agencies	\$ 8,212	\$ 2,957,411	\$ 2,925,381	\$ 40,242
TOTAL				
ASSETS				
Cash and cash equivalents	\$ 969,121	\$ 10,815,612	\$ 10,722,717	\$ 1,062,016
LIABILITIES				
Due to other governmental agencies	\$ 969,121	\$ 10,815,612	\$ 10,722,717	\$ 1,062,016

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
 FOR THE YEAR ENDED JUNE 30, 2008

	KIDS	CEANCI	Regional Learning Academy	Regional Learning Center	Regional Alternative School	Regional Attendance Cooperative	Rock Valley College	ROE No. 4 Regional Superintendent	School Bus Training	Total
General State Aid	\$ -	\$ -	\$ 309,063	\$ 319,613	\$ 672,312	\$ -	\$ -	\$ -	\$ -	\$ 1,300,988
ROE School Bus Driver Training	-	-	-	-	-	-	-	-	1,200	1,200
Regional Safe Schools	-	-	477,917	-	-	-	-	-	-	477,917
Truants Alternative Program	-	-	-	235,927	-	230,251	-	-	-	466,178
ROE/ISC Operations	374,485	-	-	-	-	-	-	-	-	374,485
Supervisory Expense	-	-	-	-	-	-	-	2,000	-	2,000
Title I - School Improvement	1,491,839	-	-	-	-	-	-	-	-	1,491,839
Title II - Teacher Quality - Leadership	262,537	-	-	-	-	-	-	-	-	262,537
Career and Technical Education Improvement (CTEI)	-	654,290	-	-	-	-	-	-	-	654,290
Agriculture Education	-	18,694	-	-	-	-	-	-	-	18,694
Technology For Success	124,558	-	-	-	-	-	-	-	-	124,558
Other State Programs	366,593	-	-	-	-	-	-	-	-	366,593
State Free Lunch and Breakfast	-	-	-	-	-	-	-	-	-	920
School Breakfast Incentive	-	-	920	-	-	-	-	-	-	920
School Breakfast Program	-	-	19	-	-	-	-	-	-	19
National School Lunch Program	-	-	5,422	-	-	-	-	-	-	5,422
V.E. Perkins - Title IIC - Secondary Education	-	-	9,309	-	-	-	-	-	-	9,309
Summer Food Service Program	-	-	-	-	-	-	5,475	-	-	5,475
	\$ 2,620,012	\$ 1,369,006	\$ 802,650	\$ 555,540	\$ 672,312	\$ 230,251	\$ 5,475	\$ 2,000	\$ 1,200	\$ 6,258,446

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

SCHEDULE 20

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through / Contract Number	FY 2008 Expenditures
<u>DEPARTMENT OF EDUCATION</u>			
Title I Grants to Local Educational Agencies			
Passed-Through Illinois State Board of Education			
<i>Title I - School Improvement and Accountability</i>	(M) 84.010A	2008-4331-SS	\$ 1,666,024
Passed-Through Clark, Coles, Cumberland, Douglas, Edgar, Moultrie and Shelby Counties Regional Office of Education No. 11			
<i>Standards Aligned Classroom Initiative</i>	(M) 84.010A	2008-4331-00	145,312
			1,811,336
Improving Teacher Quality State Grants			
Passed-Through Illinois State Board of Education			
<i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	2008-4935-SS	262,500
TOTAL DEPARTMENT OF EDUCATION			\$ 2,073,836
<u>DEPARTMENT OF AGRICULTURE</u>			
School Breakfast Program			
Passed-Through Illinois State Board of Education			
<i>School Breakfast Program</i>	10.553	2008-4220-00	\$ 8,529
National School Lunch Program			
Passed-Through Illinois State Board of Education			
<i>National School Lunch Program</i>	10.555	2008-4210-00	14,587
TOTAL DEPARTMENT OF AGRICULTURE			\$ 23,116
<u>DEPARTMENT OF LABOR</u>			
Workforce Investment Act (WIA) Youth Activities			
Passed-Through Rock River Training Corporation			
<i>Workforce Investment Act (WIA)</i>	17.259	2008-206	\$ 47,600
TOTAL DEPARTMENT OF LABOR			\$ 47,600
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,144,552

(M) Program was audited as major program.

The accompanying notes are an integral part of this schedule.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Note 1. Reporting Entity Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Boone/Winnebago Counties Regional Office of Education No. 4 and is prepared 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.

Note 2. Subrecipients

Not Applicable.

Note 3. Description of Federal Program Audited as a Major Program

Title I - School Improvement and Accountability provides support and guidance to school districts through this complex school improvement process so that teaching and learning are improved every year. The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually.

Standards Aligned Classroom Initiative supports teams that develop curriculum aligned with the Illinois Academic Standards.

Note 4. Non-Cash Assistance

Not Applicable.

Note 5. Amount of Insurance

Not Applicable.

Note 6. Loans or Loan Guarantees Outstanding

Not Applicable.