

State of Illinois
EDWARDS, HARDIN, GALLATIN, POPE, SALINE,
WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2010

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
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June 30, 2010

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

Regional Superintendent
(Current and during the Audit Period)

Mr. Lawrence Fillingim

Assistant Regional Superintendent
(July 1, 2009 through December 31, 2009)

Mr. Kent Wheeler

Assistant Regional Superintendent
(January 1, 2010 through June 30, 2010)

Mr. James Taylor

Offices are located at:

512 N. Main Street
Harrisburg, IL 62946

930 Market Street
Mount Carmel, IL 62863

Wayne County Courthouse
Fairfield, IL 62837

307 E. Cherry Street
Carmi, IL 62821

500 E. Main Street
Albion, IL 62806

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

AUDITOR'S REPORTS

The auditor's 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	2	2
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	2	0

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
10-1	12a	Internal Control over Payroll	Significant Deficiency
10-2	12b	Controls Over Compliance With Laws And Regulations	Significant Deficiency

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMPLIANCE REPORT SUMMARY (Concluded)

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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None

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

09-1	15	Internal Control over Disbursements and Receipts	
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09-2	15	Internal Control over Financial Reporting	
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PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on October 7, 2010. Attending were Larry Fillingim, Regional Superintendent, and Michelle D. Smith, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by Larry Fillingim, Regional Superintendent on December 7, 2010.

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

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

Based on their audit, the auditors expressed an unqualified opinion on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2010, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, as of June 30, 2010, 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 February 18, 2011, on our consideration of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a-16h, and 51 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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, 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.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana

February 18, 2011



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2010, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements and have issued our report thereon dated February 18, 2011. 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over financial reporting. Accordingly, we do not express opinions on the effectiveness of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over

financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in findings 10-1 and 10-2 in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 in a separate letter dated February 18, 2011.

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

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

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
February 18, 2011



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's major federal programs for the year ended June 30, 2010. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's management. Our responsibility is to express an opinion on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's compliance with those requirements.

In our opinion, Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 entity, Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kemper CPA Group LLP

Certified Public Accountants and Consultants
Evansville, Indiana
February 18, 2011

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2010

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.173A	Federal Special Education- Preschool Discretionary
10.553	School Breakfast Program

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

Auditee qualified as a low-risk auditee? No

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 10-1– Internal Control over Payroll

Criteria/specific requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over the payroll process to prevent errors and fraud.

Condition:

During our testing of internal controls, we noted gross salary for 3 out of 40 employees had increased without documented authorization of the Regional Superintendent.

Effect:

The Regional Office does not have adequate controls in place over payroll. Unauthorized changes in payroll rates could result in employees receiving incorrect payment for their services.

Cause:

The Regional Office of Education #20 does not have proper internal control procedures over the payroll process.

Recommendation:

As part of its internal control over the payroll process, the Regional Superintendent should authorize all changes in salary. This can be accomplished with a new contract or a pay increase authorization signed by the Regional Superintendent.

Management's Response:

Management agrees to prepare and sign a document indicating any and all changes in salary.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 10-2– Controls Over Compliance With Laws and Regulations

Criteria/specific requirement:

The statutory requirements of 105 ILCS 5/17-19 for establishing a line of credit by Regional Superintendents requires the following:

- The Regional Superintendent must approve the borrowing by Executive Order prior to obtaining any financing;
- The Regional Office of Education must obtain a letter from the Illinois State Board of Education documenting the amount of funding that is due to the Regional Office of Education; and
- Any loans taken out must be repaid within 60 days of receiving the funding from the Illinois State Board of Education.

Condition:

The Regional Office of Education #20 obtained a line of credit on November 17, 2009 and on May 17, 2010. The Regional Office of Education # 20 did not prepare an executive order to approve the borrowing nor had the Regional Office received a letter from the Illinois State Board of Education documenting the amount the State owed the Regional Office for the line of credit obtained on May 17, 2010. In addition, the amounts borrowed on the lines of credit were not repaid within 60 days of receiving funding from the Illinois State Board of Education.

Effect:

The Regional Office of Education was not in compliance with 105 ILCS 5/17-19.

Cause:

The Regional Office of Education #20 did not prepare the executive order and did not obtain the letter from the Illinois State Board of Education as required, before opening the line of credit on May 17, 2010.

Recommendation:

The Regional Office of Education #20 should implement a policy for ensuring the Regional Office complied fully with all new regulations and mandates.

Management's Response:

Management agrees to (1) prepare an Executive Order prior to obtaining any financing, (2) be certain to obtain a letter from the Illinois State Board of Education documenting the amount of funding that is due to the Regional Office of Education, and (3) repay loans within 60 days of receiving the funding from the Illinois State Board of Education.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

NONE

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2010

Corrective Action Plan

Finding No. 10-1– Internal Control over Payroll

Condition:

During our testing of internal controls, we noted gross salary for 3 out of 40 employees had increased without documented authorization of the Regional Superintendent.

Plan:

Management agrees to prepare and sign a document indicating any and all changes in salary.

Anticipated Date of Completion: Immediately upon learning of oversight

Name of Contact Person:

Honorable Larry Fillingim, Regional Superintendent of Schools

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2010

Finding No. 10-2– Controls Over Compliance With Laws and Regulations

Condition:

The Regional Office of Education #20 obtained a line of credit on November 17, 2009 and on May 17, 2010. The Regional Office of Education # 20 did not prepare an executive order to approve the borrowing nor had the Regional Office received a letter from the Illinois State Board of Education documenting the amount the State owed the Regional Office for the line of credit obtained on May 17, 2010. In addition, the amounts borrowed on the lines of credit were not repaid within 60 days of receiving funding from the Illinois State Board of Education.

Plan:

Management agrees to (1) prepare an Executive Order prior to obtaining any financing, (2) be certain to obtain a letter from the Illinois State Board of Education documenting the amount of funding that is due to the Regional Office of Education, and (3) repay loans within 60 days of receiving the funding from the Illinois State Board of Education.

Anticipated Date of Completion: Immediately upon learning of oversight

Name of Contact Person:

Honorable Larry Fillingim, Regional Superintendent of Schools

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
09-1	Internal Control over Disbursements and Receipts	Not Repeated
09-2	Internal Control over Financial Reporting	Not Repeated

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

**Management's Discussion and Analysis
For the years ended June 30, 2010 and 2009**

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 (ROE #20) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2010 and 2009. We encourage readers to consider this information in conjunction with the ROE #20's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- General Fund revenues were \$596,540 in fiscal year 2009 and increased to \$618,772 in fiscal year 2010, while General Fund expenditures were \$687,071 in fiscal year 2009 and increased to \$705,776 in fiscal year 2010.
- The increase in General Fund revenues was attributable to an increase in on-behalf payment revenue by the State in fiscal year 2010. The increase in General Fund expenditures for fiscal year 2010 was due primarily to an increase in on-behalf payment expense by the State.
- Special revenue fund revenues were \$1,892,483 in fiscal year 2009 and increased to \$2,004,384 in fiscal year 2010, while special revenue fund expenditures were \$1,990,593 in fiscal year 2009 and increased to \$2,044,308 in fiscal year 2010.
- The increase in Special revenue fund revenues from fiscal year 2009 to fiscal year 2010 occurred because of the increase in Federal sources. The increase in Special revenue fund expenditures from fiscal year 2009 to fiscal year 2010 was due primarily to an increase in payments to other governments.
- Proprietary fund revenues were \$193,237 in fiscal year 2009 and decreased to \$80,067 in fiscal year 2010, while Proprietary fund expenditures were \$176,783 in fiscal year 2009 and decreased to \$89,219 in fiscal year 2010.
- The decrease in Proprietary fund revenues from fiscal year 2009 to fiscal year 2010 occurred because of the decrease in Local revenue sources (workshops). The decrease in Proprietary fund expenditures from fiscal year 2009 to fiscal year 2010 was due primarily to a decrease in salaries and benefits and a decrease in purchased services due to decreased workshops.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the ROE #20's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE #20 as a whole and present an overall view of the ROE #20's finances.

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

**Management's Discussion and Analysis
For the years ended June 30, 2010 and 2009**

USING THIS ANNUAL REPORT (Concluded)

- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the ROE #20's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary information further explains and supports the financial statements, and supplementary information provides detailed information about the non-major funds.

REPORTING THE REGIONAL OFFICE OF EDUCATION #20 AS A WHOLE

The Statement of Net Assets and the Statement of Activities

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

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

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

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

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

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

**Management's Discussion and Analysis
For the years ended June 30, 2010 and 2009**

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

Governmental Fund Financial Statements

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

Governmental funds account for most of the ROE #20's basic services. These focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the ROE #20's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation between the government-wide statements and the governmental fund statements follow each of the related governmental fund statements. The ROE #20's governmental funds include the General Fund and the Special Revenue Funds.

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

Proprietary Fund Financial Statements

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the ROE #20 on a cost reimbursement basis are reported. The ROE #20 reports the Local Workshop fund as a nonmajor proprietary fund. The Local Workshop fund accounts for the receipts and expenses pertaining to teacher meetings and workshops of a professional nature.

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

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

**Management's Discussion and Analysis
For the years ended June 30, 2010 and 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties ROE #20's net assets at June 30, 2010 and 2009 totaled \$219,762 and \$277,411 respectively. The analysis that follows provides a summary of the ROE #20's net assets at June 30, 2010 and 2009 for its governmental and business-type activities.

Net Assets as of June 30, 2010

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current Assets	\$ 514,805	\$ 363,176	\$ 41,022	\$ 103,093	\$ 555,827	\$ 466,269
Capital Assets	43,943	59,746	580	1,555	44,523	61,301
Total Assets	558,748	422,922	41,602	104,648	600,350	527,570
Current Liabilities	329,018	143,718	6,374	59,495	335,392	203,213
Noncurrent Liabilities	45,196	46,946	-	-	45,196	46,946
Total Liabilities	374,214	190,664	6,374	59,495	380,588	250,159
Net Assets						
Capital Assets net	43,943	59,746	580	1,555	44,523	61,301
Restricted for teacher professional development	31,261	48,242	-	-	31,261	48,242
Unrestricted	109,330	124,270	34,648	43,598	143,978	167,868
Total Net Assets	\$ 184,534	\$ 232,258	\$ 35,228	\$ 45,153	\$ 219,762	\$ 277,411

The ROE's combined net assets decreased by \$57,649 in FY10 and decreased by \$185,696 in FY09. The decrease occurred primarily as a result of a decrease in State funding and an increase in total expenditures during the years ended June 30, 2010 and 2009.

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

**Management's Discussion and Analysis
For the years ended June 30, 2010 and 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS Continued)

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

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change 2010-2009
	2010	2009	2010	2009	2010	2009	
Revenues:							
Program revenues:							
Operating Grants/Contributions	\$ 1,802,337	\$ 1,684,903	\$ -	\$ -	\$ 1,802,337	\$ 1,684,903	6.97%
Charges for Services	-	-	80,067	193,237	80,067	193,237	-58.57%
General Revenues:							
Local Sources	324,300	304,653	-	-	324,300	304,653	6.45%
State Sources	215,102	171,246	-	-	215,102	171,246	25.61%
Federal Sources	60,310	70,678	-	-	60,310	70,678	-14.67%
On-Behalf payments - State	312,801	257,543	-	-	312,801	257,543	21.46%
Interest	780	1,592	10	70	790	1,662	-52.47%
Transfers	783	-	(783)	-	-	-	-
Total Revenues	<u>2,716,413</u>	<u>2,490,615</u>	<u>79,294</u>	<u>193,307</u>	<u>2,795,707</u>	<u>2,683,922</u>	<u>4.16%</u>
Expenses:							
Instructional services:							
Salaries and benefits	1,706,328	1,749,189	-	-	1,706,328	1,749,189	-2.45%
Purchased services	466,813	526,236	-	-	466,813	526,236	-11.29%
Supplies and materials	106,566	108,218	-	-	106,566	108,218	-1.53%
Capital outlay	898	7,593	-	-	898	7,593	-88.17%
Payments to other governments	132,170	6,757	-	-	132,170	6,757	1856.05%
Other objects	5,836	3,309	-	-	5,836	3,309	76.37%
Depreciation	32,725	33,990	-	-	32,725	33,990	-3.72%
Administrative expenses:							
On-behalf payments	312,801	257,543	-	-	312,801	257,543	21.46%
Business-type expenses:							
Instructional	-	-	89,219	176,783	89,219	176,783	-49.53%
Total Expenses	<u>2,764,137</u>	<u>2,692,835</u>	<u>89,219</u>	<u>176,783</u>	<u>2,853,356</u>	<u>2,869,618</u>	<u>-0.57%</u>
Increase (Decrease) in Net Assets	(47,724)	(202,220)	(9,925)	16,524	(57,649)	(185,696)	
Net Assets – Beginning	<u>232,258</u>	<u>434,478</u>	<u>45,153</u>	<u>28,629</u>	<u>277,411</u>	<u>463,107</u>	<u>-40.10%</u>
Net Assets – Ending	<u>\$ 184,534</u>	<u>\$ 232,258</u>	<u>\$ 35,228</u>	<u>\$ 45,153</u>	<u>\$ 219,762</u>	<u>\$ 277,411</u>	<u>-20.78%</u>

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

**Management's Discussion and Analysis
For the years ended June 30, 2010 and 2009**

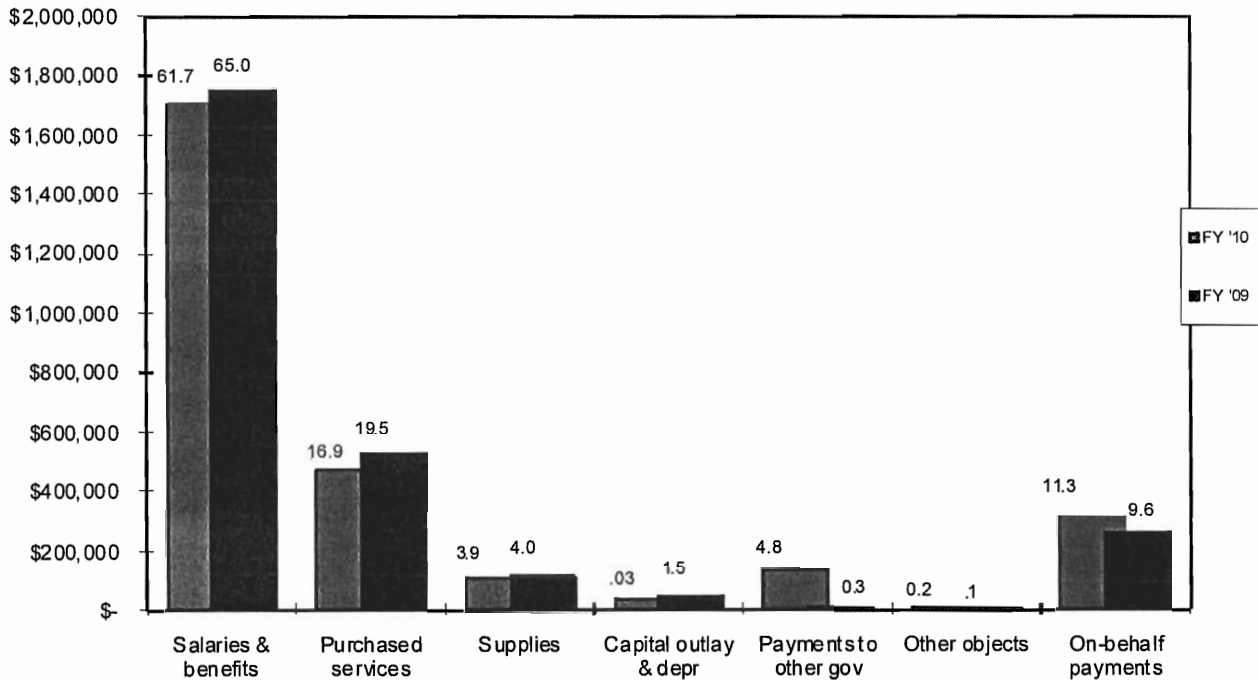
GOVERNMENT-WIDE FINANCIAL ANALYSIS Concluded

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

	2010	2009
Total program revenues	\$ 1,882,404	\$ 1,878,140
Total general revenues	<u>913,303</u>	<u>805,782</u>
 Total revenues	 <u>\$ 2,795,707</u>	 <u>\$ 2,683,922</u>

Operating grants and contributions from local, State, and federal sources account for a majority of the total revenue. The ROE's expenses primarily relate to instructional services, which account for 89% of the total governmental activities expenses.

Governmental Activities Expenses



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

**Management's Discussion and Analysis
For the years ended June 30, 2010 and 2009**

Governmental Activities

The analysis of changes in net assets reflects a decrease of \$47,724 in FY10 and a decrease of \$202,220 in FY09.

FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION FUNDS

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

The ROE #20's governmental funds reported combined fund balances of \$94,093 in FY10 and \$219,458 in FY09. The primary reason for the decrease in combined fund balance in FY10 was due to increase in payments to other governments, and continued decrease in State funding.

Governmental Fund Highlights

- The General Fund balance was \$109,948 in FY09 and decreased to \$22,990 in FY10. The decrease was attributable to the decrease in revenues from State sources.
- The Education Fund balance was \$37,773 in FY09 and decreased to \$20,771 in FY10. The decrease in FY10 was attributable to the increase in payments to other governments.
- The Institute Fund balance was \$48,242 in FY09 and decreased to \$31,261 in FY10. This decrease in FY10 was attributable to purchase services being greater than revenues received.

Business-Type Fund Highlights

- The Local Workshop Fund balance was \$45,153 in FY09 and decreased to \$35,228 in FY10. The decrease was attributable to revenues being below expenses and existing cash being spent.

BUDGETARY HIGHLIGHTS

The ROE #20 annually adopts budgets for certain grants, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the ROE #20 amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the Federal and State sources or for additional services needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the ROE #20's actual financial activity is included in the supplementary information section of this report.

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

**Management's Discussion and Analysis
For the years ended June 30, 2010 and 2009**

CAPITAL ASSETS

Capital assets of the ROE #20 include office equipment, computers, audio-visual equipment, and office furniture. The ROE #20 maintains an inventory of capital assets, which have been accumulated over time. The decrease for FY10 was \$16,778 and came as a result of less grant money available to purchase equipment. More detailed information about capital assets is available in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- A decrease is expected in the number of students being served by the local school districts.
- Funding for FY11 is expected to be comparable to FY10. Due to the economic condition of the State of Illinois, funding payments have been delayed on State grants.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 334,276	\$ 10,141	\$ 344,417
Receivables, other	-	8,325	8,325
Due (to) from other funds	(22,556)	22,556	-
Due from other governments:			
Local	27,253	-	27,253
State	166,139	-	166,139
Federal	3,904	-	3,904
Prepaid expenses	5,789	-	5,789
Total Current Assets	514,805	41,022	555,827
Noncurrent Assets:			
Capital assets, being depreciated, net	43,943	580	44,523
Total Noncurrent Assets	43,943	580	44,523
TOTAL ASSETS	558,748	41,602	600,350
LIABILITIES			
Current Liabilities:			
Accounts payable	60,128	300	60,428
Salaries and benefits payable	47,333	6,074	53,407
Due to other governments:			
State	65	-	65
Loans payable	177,500	-	177,500
Deferred revenue	43,992	-	43,992
Total Current Liabilities	329,018	6,374	335,392
Noncurrent Liabilities:			
Liability for compensated absences	45,196	-	45,196
Total Noncurrent Liabilities	45,196	-	45,196
TOTAL LIABILITIES	374,214	6,374	380,588
NET ASSETS			
Invested in capital assets	43,943	580	44,523
Restricted for teacher professional development	31,261	-	31,261
Unrestricted	109,330	34,648	143,978
TOTAL NET ASSETS	\$ 184,534	\$ 35,228	\$ 219,762

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 1,706,328	\$ -	\$ 1,240,640	\$ (465,688)	\$ -	\$ (465,688)
Purchased services	466,813	-	355,555	(111,258)	-	(111,258)
Supplies and materials	106,566	-	59,652	(46,914)	-	(46,914)
Other objects	5,836	-	1,279	(4,557)	-	(4,557)
Depreciation	32,725	-	-	(32,725)	-	(32,725)
Capital outlay	898	-	17,820	16,922	-	16,922
Payments to other governments	132,170	-	127,391	(4,779)	-	(4,779)
Administrative:						
On-behalf payments - State	312,801	-	-	(312,801)	-	(312,801)
Total Governmental Activities	<u>2,764,137</u>	<u>-</u>	<u>1,802,337</u>	<u>(961,800)</u>	<u>-</u>	<u>(961,800)</u>
Business-type Activities:						
Other	89,219	80,067	-	-	(9,152)	(9,152)
Total Business-type Activities	<u>89,219</u>	<u>80,067</u>	<u>-</u>	<u>-</u>	<u>(9,152)</u>	<u>(9,152)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,853,356</u>	<u>\$ 80,067</u>	<u>\$ 1,802,337</u>	<u>(961,800)</u>	<u>(9,152)</u>	<u>(970,952)</u>
GENERAL REVENUES:						
Local sources				324,300	-	324,300
State sources				215,102	-	215,102
Federal sources				60,310	-	60,310
On-behalf payments - State				312,801	-	312,801
Investment earnings				780	10	790
Transfers				783	(783)	-
Total General Revenues				<u>914,076</u>	<u>(773)</u>	<u>913,303</u>
CHANGE IN NET ASSETS				(47,724)	(9,925)	(57,649)
NET ASSETS - BEGINNING				<u>232,258</u>	<u>45,153</u>	<u>277,411</u>
NET ASSETS - ENDING				<u>\$ 184,534</u>	<u>\$ 35,228</u>	<u>\$ 219,762</u>

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Education Fund	Harrisburg Project	Other Nonmajor Funds	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 126,719	\$ 149,098	\$ 10,861	\$ 47,598	\$ -	\$ 334,276
Due from other funds	103,967	123,438	-	-	(227,405)	-
Due from other governments:						
Local	26,777	98	-	378	-	27,253
State	36,188	128,275	-	1,676	-	166,139
Federal	-	3,904	-	-	-	3,904
Prepaid expenses	5,789	-	-	-	-	5,789
TOTAL ASSETS	\$ 299,440	\$ 404,813	\$ 10,861	\$ 49,652	\$ (227,405)	\$ 537,361
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 8,411	\$ 41,588	\$ 5,068	\$ 5,061	\$ -	\$ 60,128
Salaries and benefits payable	597	46,736	-	-	-	47,333
Due to other funds	63,543	186,366	45	7	(227,405)	22,556
Due to other governments:						
State	-	65	-	-	-	65
Loans payable	177,500	-	-	-	-	177,500
Deferred revenue	26,399	109,287	-	-	-	135,686
TOTAL LIABILITIES	276,450	384,042	5,113	5,068	(227,405)	443,268
Fund Balance:						
Unreserved, reported in:						
General fund	22,990	-	-	-	-	22,990
Special revenue funds	-	20,771	5,748	44,584	-	71,103
Total Fund Balance	22,990	20,771	5,748	44,584	-	94,093
TOTAL LIABILITIES AND FUND BALANCE	\$ 299,440	\$ 404,813	\$ 10,861	\$ 49,652	\$ (227,405)	\$ 537,361

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 JUNE 30, 2010

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	94,093
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(45,196)
Revenues on the Statement of Activities that do not provide current financial resources, and are not reported as revenues in the funds.		91,694
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		<u>43,943</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>184,534</u></u>

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Education Fund	Harrisburg Project	Other Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 261,971	\$ 1,792	\$ 15,900	\$ 35,926	\$ 315,589
State sources	44,000	560,057	745,725	9,183	1,358,965
Federal sources	-	635,801	-	-	635,801
On-behalf payments - State	312,801	-	-	-	312,801
Total Revenues	<u>618,772</u>	<u>1,197,650</u>	<u>761,625</u>	<u>45,109</u>	<u>2,623,156</u>
EXPENDITURES					
Instructional Services					
Salaries and benefits	338,428	715,501	643,400	10,749	1,708,078
Purchased services	37,077	297,169	88,818	43,749	466,813
Supplies and materials	14,659	68,230	20,469	3,208	106,566
Other objects	2,811	1,018	-	2,007	5,836
Payments to other governments	-	128,870	-	3,300	132,170
On-behalf payments - State	312,801	-	-	-	312,801
Capital outlay	-	5,200	12,620	-	17,820
Total Expenditures	<u>705,776</u>	<u>1,215,988</u>	<u>765,307</u>	<u>63,013</u>	<u>2,750,084</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(87,004)</u>	<u>(18,338)</u>	<u>(3,682)</u>	<u>(17,904)</u>	<u>(126,928)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	783	-	-	783
Interest	46	553	26	155	780
Total Other Financing Sources (Uses)	<u>46</u>	<u>1,336</u>	<u>26</u>	<u>155</u>	<u>1,563</u>
NET CHANGE IN FUND BALANCES	(86,958)	(17,002)	(3,656)	(17,749)	(125,365)
FUND BALANCES - BEGINNING	<u>109,948</u>	<u>37,773</u>	<u>9,404</u>	<u>62,333</u>	<u>219,458</u>
FUND BALANCES - ENDING	<u>\$ 22,990</u>	<u>\$ 20,771</u>	<u>\$ 5,748</u>	<u>\$ 44,584</u>	<u>\$ 94,093</u>

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

NET CHANGE IN FUND BALANCES \$ (125,365)

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

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

Capital outlay	\$ 16,922	
Depreciation expense	<u>(32,725)</u>	(15,803)

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

Deferred revenue		
Local sources	\$ 8,711	
State sources	81,887	
Federal sources	<u>1,096</u>	91,694

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

1,750

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (47,724)

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2010

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Totals
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 10,141	\$ 10,141
Receivables, other	8,325	8,325
Due from other funds	25,037	25,037
Total Current Assets	43,503	43,503
Noncurrent Assets:		
Capital assets, net of accumulated depreciation, where applicable:		
Equipment, net		
Capital assets, net	580	580
Total Noncurrent Assets	580	580
TOTAL ASSETS	44,083	44,083
LIABILITIES		
Current Liabilities:		
Accounts payable	300	300
Salaries and benefits payable	6,074	6,074
Due to other funds	2,481	2,481
TOTAL LIABILITIES	8,855	8,855
NET ASSETS		
Invested in capital assets	580	580
Unrestricted	34,648	34,648
TOTAL NET ASSETS	\$ 35,228	\$ 35,228

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Fund Local Workshops	Totals
OPERATING REVENUES		
Local sources	\$ 80,067	\$ 80,067
Total Operating Revenues	80,067	80,067
OPERATING EXPENSES		
Salaries and benefits	7,581	7,581
Purchased services	62,317	62,317
Supplies and materials	16,171	16,171
Depreciation	975	975
Payments to other governments	2,175	2,175
Total Operating Expenses	89,219	89,219
OPERATING INCOME (LOSS)	(9,152)	(9,152)
NONOPERATING SOURCES (USES)		
Transfer out	(783)	(783)
Interest	10	10
Total Nonoperating Revenue	(773)	(773)
CHANGE IN NET ASSETS	(9,925)	(9,925)
TOTAL NET ASSETS - BEGINNING	45,153	45,153
TOTAL NET ASSETS - ENDING	\$ 35,228	\$ 35,228

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF CASH FLOW
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Fund</u>	
	<u>Local Workshops</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 94,998	\$ 94,998
Payments to suppliers and providers of goods and services	(123,858)	(123,858)
Payments to employees	<u>(17,507)</u>	<u>(17,507)</u>
Net Cash Provided By (Used for) Operating Activities	<u>(46,367)</u>	<u>(46,367)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest	<u>10</u>	<u>10</u>
Net Cash Provided by (Used for) Investing Activities	<u>10</u>	<u>10</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from other funds	16,896	16,896
Payments to other funds	<u>(2,670)</u>	<u>(2,670)</u>
Net Cash Provided By (Used for) Noncapital Financing Activities	<u>14,226</u>	<u>14,226</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,131)	(32,131)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>42,272</u>	<u>42,272</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 10,141</u>	<u>\$ 10,141</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (9,152)	\$ (9,152)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	975	975
Change in assets and liabilities:		
(Decrease) in accounts payable	(43,195)	(43,195)
(Decrease) in salaries and benefits payable	(9,926)	(9,926)
Increase in receivable	<u>14,931</u>	<u>14,931</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (46,367)</u>	<u>\$ (46,367)</u>

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2010, the Regional Office of Education #20 implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The Regional Office of Education #20 implemented these standards during the current year; however, GASB Statements No. 51, 53, and 58 had no impact on the financial statements.

A. FINANCIAL REPORTING ENTITY

The Regional Office of Education #20 was created August 8, 1995, upon the consolidation of Education Service Region #20 and Education Service Region #23. Education Service Region #20 consisted of Edwards, Wabash, Wayne, and White Counties while Region #23 consisted of Gallatin, Hardin, Pope, and Saline Counties.

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

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. SCOPE OF THE REPORTING ENTITY

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

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is not aware of any entity, which would exercise such oversight as to result in the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 being considered a component unit of the entity.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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.

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

G. FUND ACCOUNTING

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 uses governmental and proprietary funds.

GOVERNMENTAL FUNDS

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

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has presented all major funds that met the above qualifications. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reports the following major governmental funds:

General Fund - The General Fund is used 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 always considered a major fund. The following accounts are included in the General Fund:

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

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

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

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

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

Education – The Education Fund includes proceeds for various grants supporting education enhancement programs as follows:

ROE/ISC Technology – This fund accounts for State monies received and expended for implementing regional-based computer software and providing on-going support of that software.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Workforce Investment Act – This fund accounts for federal grant monies received and expended to prepare youth for entry into the labor force and to afford job training to those economically disadvantaged youth facing serious barriers to employment, who are in special need of such training to obtain productive employment.

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

Gifted Education – Grantees of the Gifted Education Program funds are required to sponsor Gifted Education Seminars in their region. The purchase of supplemental educator materials, classroom supplies and oversight of the grant are additional components of the initiative.

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

Reading First – This fund is used to account for the monies received from the State (federal dollars) to implement innovative reading programs and promoting student achievement.

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

Safe Schools Federal Aid – This fund is used to account for the monies received from the State (federal dollars) based on the average daily attendance at the Safe School.

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

Truants Alternative Federal Aid – This fund is used to account for the monies received from the State (federal dollars) for the administration of monies to be used for the Federal Aid.

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

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

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

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

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

School Breakfast Incentive – To account for State monies received to provide breakfast meals to eligible needy children.

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

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

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reports the following nonmajor governmental funds:

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

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

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

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

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

PROPRIETARY FUNDS

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

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. NET ASSETS

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

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

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

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

I. CASH AND CASH EQUIVALENTS

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

J. INVENTORY

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

K. CAPITAL ASSETS

Capital assets purchased or acquired, with an original cost of \$1,000 or more, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. COMPENSATED ABSENCES

Employees of the Regional Office of Education #20 are permitted to accumulate earned but unused vacation benefits. Accumulated unused vacation benefits are accrued as incurred in the government-wide financial statements. Governmental funds record accumulated unused vacation benefits payable only when due for payment, such as when an employee retires or resigns. Accrued but unused vacation time in the amount of \$45,196 is included on the government-wide financial statements at June 30, 2010.

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

M. ESTIMATES

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

N. BUDGET INFORMATION

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

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: ROE/ISC Operations, Federal Special Education – Pre-School Discretionary, Gifted Education, Regional Safe Schools, Reading First and Truants Alternative/Optional Education.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS

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

A. DEPOSITS

At June 30, 2010, the carrying amount of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's government-wide deposits were \$344,417 and the bank balances were \$442,580. Of the total bank balances as of June 30, 2010, \$250,000 was secured by federal depository insurance and \$192,580 was collateralized by securities pledged by the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's financial institution in the name of the Regional Office.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20.

B. INVESTMENTS

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. At June 30, 2010, the Regional Office of Education #20 had investments with carrying and fair values of \$1,080 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2010, the Illinois Funds Money Market Fund had a Standard and Poor's AAA rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS (Concluded)

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #20's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #20's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy. As set by statute, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 9.50 percent of annual covered payroll. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2009, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's annual pension cost of \$88,181 was equal to the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's required and actual contributions.

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

A. TREND INFORMATION

Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contribution</u>	Net Pension <u>Obligation</u>
12/31/09	\$88,181	100%	\$0
12/31/08	92,929	100%	0
12/31/07	84,731	100%	0

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006, was 5 years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 81.48 percent funded. The actuarial accrued liability for benefits was \$2,124,381 and the actuarial value of assets was \$1,730,968, resulting in an underfunded actuarial accrued liability (UAAL) of \$393,413. The covered payroll (annual payroll of active employees covered by the plan) was \$928,218 and the ratio of the UAAL to the covered payroll was 42 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10 year basis.

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

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The State of Illinois maintains primary responsibility for funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system’s administration.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2010, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2009 and 2008.

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

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. For the year ended June 30, 2010, State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized revenue and expenditures of \$110,903 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings were 17.08 percent (\$58,204) and 13.11 percent (\$55,017), respectively. The State contributions to TRS for the years ended June 30, 2009 and June 30, 2008 were based on an actuarial formula.

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

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

- **2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2010 were \$1,750. Contributions for the years ending June 30, 2009 and June 30, 2008, were \$2,223 and \$2,433, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, there is a statutory requirement for the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer pension contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2010 salaries totaling \$3,000 were paid from federal and special trust funds that required employer contributions of \$701. For the years ended June 30, 2009 and June 30, 2008, required Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 contributions were \$7,257 and \$16,517, respectively.

- **Early Retirement Option.** The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

Under the current ERO, the maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement. For the years ended June 30, 2010, 2009, and 2008, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS under the ERO program.

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

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS. If the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 makes a contribution to TRS.

The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent. For the years ended June 30, 2010, 2009, and 2008, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent.

If the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010.) For the years ended June 30, 2010, 2009, and 2008, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions to TRS for sick leave days granted in the 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 year ended June 30, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010. The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

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NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor’s approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State make a contribution to THIS.

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

On behalf contributions to THIS Fund - The State of Illinois makes employer retiree health insurance contributions on behalf of Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$2,534, and the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized revenue and expenditures of this amount during the year.

Had the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008 under the current standards, the contribution match would have been 0.84 percent of pay or \$3,219 and \$3,525, respectively.

Employer contributions to THIS Fund. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 also makes contributions to THIS Fund. The THIS contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010 the Regional Office of Education #20 paid \$1,901 to the THIS fund.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

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

NOTE 6 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2010 consist of the following individual due to/from other funds in the governmental fund balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Education Fund	\$ 123,438	\$ 186,366
Proprietary Fund	25,037	2,481
Harrisburg Project	-	45
NonMajor Funds	-	7
General Fund	<u>103,967</u>	<u>63,543</u>
Totals	<u>\$ 252,442</u>	<u>\$ 252,442</u>

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2010 consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and in the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Assets. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	<u>Transfer Out</u>	<u>Transfer In</u>
Education Fund	\$ -	\$ 783
Proprietary Fund	<u>783</u>	<u>-</u>
Totals	<u>\$ 783</u>	<u>\$ 783</u>

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NOTE 7 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2010.

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental Activities:				
Capital Assets being depreciated:				
Improvements other than buildings	\$ 5,187	\$ 3,250	\$ -	\$ 8,437
Machinery and equipment	265,394	13,672	(8,158)	270,908
Total capital assets being depreciated	<u>270,581</u>	<u>16,922</u>	<u>(8,158)</u>	<u>279,345</u>
Less accumulated depreciation for:				
Improvements other than buildings	5,187	54	-	5,241
Machinery and equipment	205,648	32,671	(8,158)	230,161
Total accumulated depreciation	<u>210,835</u>	<u>32,725</u>	<u>(8,158)</u>	<u>235,402</u>
Governmental activities capital assets, net	<u>\$ 59,746</u>	<u>\$ (15,803)</u>	<u>\$ -</u>	<u>\$ 43,943</u>
	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Business-type Activities:				
Capital Assets being depreciated:				
Improvements other than buildings	\$ 2,182	\$ -	\$ -	\$ 2,182
Machinery and equipment	55,740	-	-	55,740
Total capital assets being depreciated	<u>57,922</u>	<u>-</u>	<u>-</u>	<u>57,922</u>
Less accumulated depreciation for:				
Improvements other than buildings	1,963	-	-	1,963
Machinery and equipment	54,404	975	-	55,379
Total accumulated depreciation	<u>56,367</u>	<u>975</u>	<u>-</u>	<u>57,342</u>
Business-type activities capital assets, net	<u>\$ 1,555</u>	<u>\$ (975)</u>	<u>\$ -</u>	<u>\$ 580</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2010 of \$32,725 and \$975 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 – RISK MANAGEMENT

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 9 – OPERATING LEASE

The Regional Office of Education #20 leases its office facilities. The lease term is from January 1, 2008 to June 30, 2011. The monthly rental payments under the lease are \$2,860 per month for the first five months and \$3,160 per month the following months with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

In addition, the Regional Office of Education #20 subleases a portion of their facilities to Pre-School Discretionary and Harrisburg Project. Sublease income was \$25,713 for the year ended June 30, 2010.

The Regional Office of Education #20 leases office space for an Alternative School in Harrisburg, Illinois. The lease term is from January 1, 2008 through June 30, 2011. The monthly rental payments under the lease are \$1,550 per month with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

During the year ended June 30, 2010, rentals under lease obligations were \$61,104.

Future minimum rentals for the years ending June 30 are:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2011	\$ 56,520

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 – ON BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 96,435
Assistant Regional Superintendent Salary	79,230
Regional Superintendent Fringe Benefit (Includes State paid insurance)	20,084
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	3,615
Regional Superintendent TRS Pension Contribution	22,546
Assistant Regional Superintendent TRS Pension Contribution	18,524
TRS Pension Contributions	69,833
THIS Contributions	<u>2,534</u>
 Total	 <u>\$ 312,801</u>

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

These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

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

Due From Other Governments:

Education Fund

Illinois State Board of Education	\$ 128,275
Federal Government	3,904
Local Governments	98

Other Nonmajor Funds

Local Governments	378
State Governments	1,676

General Funds

Illinois State Board of Education	36,188
Local Governments	<u>26,777</u>

Total	<u>\$ 197,296</u>
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Due To Other Governments:

Education Fund

State Governments	<u>\$ 65</u>
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NOTE 12 – LINE OF CREDIT

On November 17, 2009 the Regional Office of Education #20 obtained a line of credit under which they are able to borrow up to \$77,500 at a rate of 4.750 percent. The outstanding balance on this line of credit as of the date of this report was \$77,500. This line of credit agreement expires on November 15, 2010. Interest is accrued and due quarterly.

On May 17, 2010 the Regional Office of Education #20 obtained a line of credit under which they are able to borrow up to \$100,000 at a rate of 4.750 percent. The outstanding balance on this line of credit as of the date of this report was \$100,000. This line of credit agreement expires on March 1, 2011. Interest is accrued and due quarterly.

NOTE 13 – SUBSEQUENT EVENTS

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has evaluated subsequent events through February 18, 2011, the date which the financial statements were available to be issued.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE

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

Funding Policy. The Regional Office of Education #20 funds the Plan on a “pay-as-you-go cash basis”. The Regional Office implicitly subsidizes the retiree health care coverage. In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees equals the implicit subsidy. The Regional Office of Education #20 requires retirees to pay 100 percent, of the contribution for coverage for retirees and their spouses. For actuarial purposes, the retiree’s 100 percent payment is referred to as the explicit subsidy. As of July 1, 2009, monthly medical premiums for the Plan are \$367 for the employee only and \$1,080 for the employee and spouse.

	Premium Rate	Explicit Subsidy	Per Capita Cost	Implicit Subsidy
Retiree	\$ 367	\$ 367	\$ 793	\$ 426
Spouse	713	713	793	80

The Plan’s actuary has determined that as of June 30, 2010 the Unfunded Actuarial Accrued Liability (UAAL) for Other Post Employment Benefits (OPEB) is \$56,823, which is 6.78% of covered payroll. That actuary has further determined that the Annual Required Contribution (ARC), determined in accordance with the parameters of GASB Statement NO. 45, is \$8,838. This amount has not been recorded as a liability in the Regional Office of Education #20’s accounting records. The annual OPEB cost less employer contributions for the year ended June 30, 2010 is \$8,838. The Regional Office of Education #20 has made no prior contributions to the Plan.

NOTE 15 – DEFICIT FUND BALANCES

Because some revenues from the State of Illinois will not be collected for several months after the Regional Office’s fiscal year ends, they are not considered “available” revenues and are deferred in the governmental funds. The deferral of the revenues caused deficit fund balances as of June 30, 2010 in the following funds:

Funds with Deficit Fund Balance	Deficit Balance
System of Support	\$ 1,096
ROE/ISC Operations	17,688
Regional Safe Schools	30,286
Truants Alternative/Optional Education	33,879
	\$ 82,949

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2010

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)
12/31/09	\$ 1,730,968	\$ 2,124,381	\$ 393,413	81.48%	\$ 928,218	42.38%
12/31/08	1,601,128	1,905,538	304,410	84.02%	870,064	34.99%
12/31/07	1,791,283	1,856,826	65,543	96.47%	825,836	7.94%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$1,679,594. On a market basis, the funded ratio would be 79.06%.

* Digest of changes

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

OTHER SUPPLEMENTAL INFORMATION

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2010

	Clearing	Payroll	General Budget	ROE/ISC Operations	TOTALS
ASSETS					
Cash and cash equivalents	\$ 2,399	\$ 2,383	\$ 110,625	\$ 11,312	\$ 126,719
Due from other funds	-	-	103,967	-	103,967
Due from other governments					
Local	-	-	26,777	-	26,777
State	-	-	-	36,188	36,188
Prepaid expenses	-	-	5,789	-	5,789
TOTAL ASSETS	\$ 2,399	\$ 2,383	\$ 247,158	\$ 47,500	\$ 299,440
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 8,411	\$ -	\$ 8,411
Accrued payroll	-	-	597	-	597
Due to other funds	2,000	43	14,000	47,500	63,543
Deferred revenue	-	-	8,711	17,688	26,399
Loans payable	-	-	177,500	-	177,500
TOTAL LIABILITIES	2,000	43	209,219	65,188	276,450
FUND BALANCE					
Unreserved	399	2,340	37,939	(17,688)	22,990
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,399	\$ 2,383	\$ 247,158	\$ 47,500	\$ 299,440

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2010

	Clearing	Payroll	General Budget	ROE/ISC Operations	TOTALS
REVENUES					
Local sources	\$ -	\$ 42	\$ 261,929	\$ -	\$ 261,971
State sources	-	-	-	44,000	44,000
On-behalf payments -State	-	-	312,801	-	312,801
Total Revenues	<u>-</u>	<u>42</u>	<u>574,730</u>	<u>44,000</u>	<u>618,772</u>
EXPENDITURES					
Salaries and benefits	-	-	291,075	47,353	338,428
Purchased services	-	-	25,826	11,251	37,077
Supplies and materials	-	-	11,851	2,808	14,659
Other objects	-	-	2,535	276	2,811
On-behalf payments - State	-	-	312,801	-	312,801
Total Expenditures	<u>-</u>	<u>-</u>	<u>644,088</u>	<u>61,688</u>	<u>705,776</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>42</u>	<u>(69,358)</u>	<u>(17,688)</u>	<u>(87,004)</u>
OTHER FINANCING SOURCES (USES)					
Interest	9	14	23	-	46
Total Other Financing Sources (Uses)	<u>9</u>	<u>14</u>	<u>23</u>	<u>-</u>	<u>46</u>
NET CHANGE IN FUND BALANCE	9	56	(69,335)	(17,688)	(86,958)
FUND BALANCE - BEGINNING	390	2,284	107,274	-	109,948
FUND BALANCE - ENDING	<u>\$ 399</u>	<u>\$ 2,340</u>	<u>\$ 37,939</u>	<u>\$ (17,688)</u>	<u>\$ 22,990</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND ACCOUNTS
 ROE/ISC OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 52,754	\$ 61,688	\$ 44,000
Total revenues	<u>52,754</u>	<u>61,688</u>	<u>44,000</u>
EXPENDITURES			
Salaries and benefits	38,166	46,118	47,353
Purchased services	10,388	10,875	11,251
Supplies and materials	4,200	3,415	2,808
Capital outlay	-	995	-
Other objects	-	285	276
Total Expenditures	<u>52,754</u>	<u>61,688</u>	<u>61,688</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(17,688)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(17,688)</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,688)</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2010

	ROE/ISC Technology	Workforce Investment Act	Federal Special Education - Pre-School Discretionary	Gifted Education	Regional Safe Schools	Reading First
ASSETS						
Cash and cash equivalents	\$ -	\$ 1,000	\$ 43,776	\$ 7,070	\$ 28,514	\$ 498
Due from other funds	-	-	-	-	-	-
Due from other governments						
Local	-	-	-	-	-	-
State	7,500	-	-	-	58,286	-
Federal	-	-	-	-	-	-
TOTAL ASSETS	\$ 7,500	\$ 1,000	\$ 43,776	\$ 7,070	\$ 86,800	\$ 498
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 110	\$ 6,546	\$ -	\$ 497
Accrued payroll and employee benefits	6,009	-	-	-	-	-
Due to other funds	1,491	1,000	-	524	86,800	1
Due to other governments:						
State	-	-	-	-	-	-
Deferred revenue	-	-	43,666	-	30,286	-
TOTAL LIABILITIES	7,500	1,000	43,776	7,070	117,086	498
FUND BALANCE (DEFICIT)						
Unreserved	-	-	-	-	(30,286)	-
Total Fund Balance (Deficit)	-	-	-	-	(30,286)	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 7,500	\$ 1,000	\$ 43,776	\$ 7,070	\$ 86,800	\$ 498

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2010

	Safe Schools State Aid	Safe Schools Federal Aid	System of Support	Truants Alternative/ Optional Education	Truants Alternative Gen. State Aid	Truants Alternative Federal Aid	McKinney Education for Homeless Children
ASSETS							
Cash and cash equivalents	\$ 4,492	\$ 200	\$ 33,358	\$ 27,201	\$ 2,689	\$ 200	\$ 100
Due from other funds	64,610	-	-	-	58,828	-	-
Due from other governments							
Local	-	-	-	-	-	-	-
State	-	-	-	61,913	-	-	-
Federal	-	-	2,696	-	-	-	-
TOTAL ASSETS	\$ 69,102	\$ 200	\$ 36,054	\$ 89,114	\$ 61,517	\$ 200	\$ 100
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 36	\$ -	\$ 33,705	\$ -	\$ 694	\$ -	\$ -
Accrued payroll and employee benefits	17,528	-	2,250	-	20,949	-	-
Due to other funds	5,457	200	99	89,015	21	200	100
Due to other governments:							
State	-	-	-	65	-	-	-
Deferred revenue	-	-	1,096	33,913	-	-	-
TOTAL LIABILITIES	23,021	200	37,150	122,993	21,664	200	100
FUND BALANCE (DEFICIT)							
Unreserved	46,081	-	(1,096)	(33,879)	39,853	-	-
Total Fund Balance (Deficit)	46,081	-	(1,096)	(33,879)	39,853	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 69,102	\$ 200	\$ 36,054	\$ 89,114	\$ 61,517	\$ 200	\$ 100

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2010

	Federal Lunch	State Lunch	Local Lunch / Breakfast	Federal Forest Reserve	School Breakfast Incentive	Federal Breakfast	TOTALS
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,098
Due from other funds	-	-	-	-	-	-	123,438
Due from other governments							
Local	-	-	98	-	-	-	98
State	-	46	-	-	11	519	128,275
Federal	1,208	-	-	-	-	-	3,904
TOTAL ASSETS	\$ 1,208	\$ 46	\$ 98	\$ -	\$ 11	\$ 519	\$ 404,813
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,588
Accrued payroll and employee benefits	-	-	-	-	-	-	46,736
Due to other funds	1,208	46	-	-	-	204	186,366
Due to other governments:							
State	-	-	-	-	-	-	65
Deferred revenue	-	-	-	-	11	315	109,287
TOTAL LIABILITIES	1,208	46	-	-	11	519	384,042
FUND BALANCE (DEFICIT)							
Unreserved	-	-	98	-	-	-	20,771
Total Fund Balance (Deficit)	-	-	98	-	-	-	20,771
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 1,208	\$ 46	\$ 98	\$ -	\$ 11	\$ 519	\$ 404,813

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

	ROE/ISC Technology	Workforce Investment Act	Federal Special Education - Pre-school Discretionary	Gifted Education	Regional Safe Schools	Reading First
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	7,500	-	-	71,186	104,000	-
Federal sources	-	26,000	370,872	-	-	8,623
Total Revenue	<u>7,500</u>	<u>26,000</u>	<u>370,872</u>	<u>71,186</u>	<u>104,000</u>	<u>8,623</u>
EXPENDITURES						
Salaries and benefits	7,469	22,585	163,680	21,105	128,212	-
Purchased services	31	3,312	202,085	6,322	4,686	2,556
Supplies and materials	-	103	5,131	13,806	886	668
Other objects	-	-	-	-	504	-
Capital outlay	-	-	-	-	-	-
Payments to other governments	-	-	-	30,450	-	5,400
Total Expenditures	<u>7,500</u>	<u>26,000</u>	<u>370,896</u>	<u>71,683</u>	<u>134,288</u>	<u>8,624</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(24)</u>	<u>(497)</u>	<u>(30,288)</u>	<u>(1)</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	-	-	-	-	-	-
Interest	-	-	24	497	2	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>24</u>	<u>497</u>	<u>2</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,286)</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,286)</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

	Safe Schools State Aid	Safe Schools Federal Aid	System of Support	Truants Alternative/ Optional Education	Truants Alternative / Gen. State Aid	Truants Alternative / Federal Aid	McKinney Education for Homeless Children
REVENUES							
Local sources	\$ 60	\$ -	\$ -	\$ -	\$ 60	\$ -	\$ -
State sources	115,699	-	-	105,000	155,701	-	-
Federal sources	-	25,710	131,888	-	-	34,600	19,600
Total Revenue	<u>115,759</u>	<u>25,710</u>	<u>131,888</u>	<u>105,000</u>	<u>155,761</u>	<u>34,600</u>	<u>19,600</u>
EXPENDITURES							
Salaries and benefits	65,450	25,597	34,450	123,192	85,619	34,105	4,037
Purchased services	17,560	112	6,693	12,953	18,437	135	2,306
Supplies and materials	14,709	1	531	2,223	16,410	360	13,257
Other objects	-	-	-	514	-	-	-
Capital outlay	2,000	-	-	-	3,200	-	-
Payments to other governments	-	-	91,310	-	-	-	-
Total Expenditures	<u>99,719</u>	<u>25,710</u>	<u>132,984</u>	<u>138,882</u>	<u>123,666</u>	<u>34,600</u>	<u>19,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>16,040</u>	<u>-</u>	<u>(1,096)</u>	<u>(33,882)</u>	<u>32,095</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	-	-	-	-	-
Interest	21	-	-	3	5	-	-
Total Other Financing Sources (Uses)	<u>21</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>5</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>16,061</u>	<u>-</u>	<u>(1,096)</u>	<u>(33,879)</u>	<u>32,100</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>30,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,753</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 46,081</u>	<u>\$ -</u>	<u>\$ (1,096)</u>	<u>\$ (33,879)</u>	<u>\$ 39,853</u>	<u>\$ -</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2010

	Federal Lunch	State Lunch	Local Lunch / Breakfast	Federal Forest Reserve	School Breakfast Incentive	Federal Breakfast	TOTALS
REVENUES							
Local sources	\$ -	\$ -	1,672	\$ -	\$ -	\$ -	\$ 1,792
State sources	-	942	-	-	29	-	560,057
Federal sources	12,105	-	-	1,710	-	4,693	635,801
Total Revenue	12,105	942	1,672	1,710	29	4,693	1,197,650
EXPENDITURES							
Salaries and benefits	-	-	-	-	-	-	715,501
Purchased services	12,087	1,725	1,559	-	-	4,610	297,169
Supplies and materials	18	-	15	-	29	83	68,230
Other objects	-	-	-	-	-	-	1,018
Capital outlay	-	-	-	-	-	-	5,200
Payments to other governments	-	-	-	1,710	-	-	128,870
Total Expenditures	12,105	1,725	1,574	1,710	29	4,693	1,215,988
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(783)	98	-	-	-	(18,338)
OTHER FINANCING SOURCES (USES)							
Transfer in	-	783	-	-	-	-	783
Interest	-	-	-	-	-	-	553
Total Other Financing Sources (Uses)	-	783	-	-	-	-	1,336
NET CHANGE IN FUND BALANCE	-	-	98	-	-	-	(17,002)
FUND BALANCE - BEGINNING	-	-	-	-	-	-	37,773
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ -	\$ 98	\$ -	\$ -	\$ -	\$ 20,771

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNT
 TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 138,913	\$ 138,913	\$ 105,000
Total Revenues	<u>138,913</u>	<u>138,913</u>	<u>105,000</u>
EXPENDITURES			
Salaries and benefits	122,281	123,472	123,192
Purchased services	15,132	13,427	12,953
Supplies and materials	1,500	1,500	2,223
Other objects	-	514	514
Total Expenditures	<u>138,913</u>	<u>138,913</u>	<u>138,882</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(33,882)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	3
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3</u>
NET CHANGE IN FUND BALANCE	-	-	(33,879)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,879)</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2009 to June 30, 2010)
EDUCATION FUND ACCOUNT
FEDERAL SPECIAL EDUCATION PRE-SCHOOL DISCRETIONARY
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 350,000	\$ 350,000	\$ 370,872
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>370,872</u>
EXPENDITURES			
Salaries and benefits	167,697	163,682	163,680
Purchased services	176,920	181,187	202,085
Supplies and materials	5,383	5,131	5,131
Total Expenditures	<u>350,000</u>	<u>350,000</u>	<u>370,896</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(24)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	24
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>24</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2009 to June 30, 2010)
EDUCATION FUND ACCOUNT
GIFTED EDUCATION
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 71,186	\$ 71,186	\$ 71,186
Total Revenues	<u>71,186</u>	<u>71,186</u>	<u>71,186</u>
EXPENDITURES			
Salaries and benefits	27,048	21,106	21,105
Purchased services	4,486	5,458	6,322
Supplies and materials	9,202	14,172	13,806
Payments to other governmental units	30,450	30,450	30,450
Total Expenditures	<u>71,186</u>	<u>71,186</u>	<u>71,683</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(497)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	497
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>497</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2009 to June 30, 2010)
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 134,286	\$ 134,286	\$ 104,000
Total Revenues	<u>134,286</u>	<u>134,286</u>	<u>104,000</u>
EXPENDITURES			
Salaries and benefits	119,900	128,224	128,212
Purchased services	12,886	4,672	4,686
Supplies and materials	1,500	886	886
Other objects	-	504	504
Total Expenditures	<u>134,286</u>	<u>134,286</u>	<u>134,288</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(30,288)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	2
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	-	-	(30,286)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,286)</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNT
 READING FIRST
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 8,623	\$ 8,623	\$ 8,623
Total Revenues	<u>8,623</u>	<u>8,623</u>	<u>8,623</u>
EXPENDITURES			
Purchased services	2,411	2,411	2,556
Supplies and materials	212	212	668
Payments to other governmental units	6,000	6,000	5,400
Total Expenditures	<u>8,623</u>	<u>8,623</u>	<u>8,624</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1)</u>
OTHER FINANCING SOURCES (USES)			
Interest	-	-	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	General Educational Development	Institute Fund	Bus Driver/ Transportation	Supervisory	TOTALS
ASSETS					
Cash and cash equivalents	\$ 3,471	\$ 35,212	\$ 8,759	\$ 156	\$ 47,598
Due from other governments					
Local	-	378	-	-	378
State	1,596	-	80	-	1,676
TOTAL ASSETS	\$ 5,067	\$ 35,590	\$ 8,839	\$ 156	\$ 49,652
LIABILITIES					
Accounts payable	\$ 732	\$ 4,329	\$ -	\$ -	\$ 5,061
Due to other funds	-	-	7	-	7
TOTAL LIABILITIES	732	4,329	7	-	5,068
FUND BALANCE					
Unreserved	4,335	31,261	8,832	156	44,584
TOTAL FUND BALANCE	4,335	31,261	8,832	156	44,584
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,067	\$ 35,590	\$ 8,839	\$ 156	\$ 49,652

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	General Educational Development	Institute Fund	Bus Driver/ Transportation	Supervisory	TOTALS
REVENUES					
Local sources	\$ 16,239	\$ 17,855	\$ 1,832	\$ -	\$ 35,926
State sources	-	-	1,183	8,000	9,183
Total Revenues	<u>16,239</u>	<u>17,855</u>	<u>3,015</u>	<u>8,000</u>	<u>45,109</u>
EXPENDITURES					
Salaries and benefits	8,682	-	2,067	-	10,749
Purchased services	5,978	30,722	970	6,079	43,749
Supplies and materials	2,133	961	14	100	3,208
Other objects	175	-	-	1,832	2,007
Payments to other governments	-	3,300	-	-	3,300
Total Expenditures	<u>16,968</u>	<u>34,983</u>	<u>3,051</u>	<u>8,011</u>	<u>63,013</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(729)</u>	<u>(17,128)</u>	<u>(36)</u>	<u>(11)</u>	<u>(17,904)</u>
OTHER FINANCING SOURCES (USES)					
Interest	7	147	1	-	155
Total Other Financing Sources (Uses)	<u>7</u>	<u>147</u>	<u>1</u>	<u>-</u>	<u>155</u>
NET CHANGE IN FUND BALANCE					
	<u>(722)</u>	<u>(16,981)</u>	<u>(35)</u>	<u>(11)</u>	<u>(17,749)</u>
FUND BALANCE - BEGINNING					
	<u>5,057</u>	<u>48,242</u>	<u>8,867</u>	<u>167</u>	<u>62,333</u>
FUND BALANCE - ENDING					
	<u>\$ 4,335</u>	<u>\$ 31,261</u>	<u>\$ 8,832</u>	<u>\$ 156</u>	<u>\$ 44,584</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st eight digits) or Contract #	Federal Expenditures 7/1/09 - 6/30/10
U.S. Dept. of Education			
Passed through Illinois State Board of Education:			
Special Education - Preschool Grants (IDEA Preschool)			
Federal Special Education-Preschool Discretionary	84.173A	09-4605-00	\$ 64,538 (M)
Federal Special Education-Preschool Discretionary	84.173A	10-4605-00	306,334 (M)
Total Special Education - Preschool Grants (IDEA Preschool)			<u>370,872 (M)</u>
Reading First State Grants -			
Title I - Reading First Part B	84.357A	10-4337-00	8,623
Total Reading First State Grants			<u>8,623</u>
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)			
ARRA -Safe School Federal Aid	84.394A	10-4850-93	19,283
ARRA -Safe School Federal Aid	84.394A	10-4850-92	25,950
Total State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)			<u>45,233</u>
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act			
ARRA -Safe School Federal Aid	84.397A	10-4870-92	8,650
ARRA -Safe School Federal Aid	84.397A	10-4870-93	6,427
Total State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act			<u>15,077</u>
Total State Fiscal Stabilization Fund (SFSF) Cluster			<u>60,310</u>
Total U.S. Dept of Education passed through the Illinois State Board of Education			<u>439,805</u>
Passed through Regional Office of Education #2:			
Title I - Grants to Local Education Agencies	84.010	09-4331-00	4,086
Title I - Grants to Local Education Agencies	84.010	10-4331-00	92,117
Total for CFDA #84.010			<u>96,203</u>
Title II - Grants to Local Education Agencies	84.367	09-4331-00	4,498
Title II - Grants to Local Education Agencies	84.367	10-4331-00	31,187
Total for CFDA #84.367			<u>35,685</u>
Total Passed through Regional Office of Education #2			<u>131,888</u>
Passed through Regional Office of Education #21:			
Education for Homeless Children and Youth -			
McKinney Education for Homeless Children	84.196A	09-4920-00	1,600
McKinney Education for Homeless Children	84.196A	10-4920-00	18,000
Total Passed through Regional Office of Education #21			<u>19,600</u>
U.S. Dept. of Agriculture			
Passed through Illinois State Board of Education			
National School Lunch Program	10.555	09-4210-00	2,241
National School Lunch Program	10.555	10-4210-00	9,864
Total National School Lunch Program			<u>12,105</u>
School Breakfast Program (SBP)	10.553	09-4220-00	892 (M)
School Breakfast Program (SBP)	10.553	10-4220-00	3,801 (M)
Total School Breakfast Program (SBP)			<u>4,693 (M)</u>
Total U.S. Dept of Agriculture passed through the Illinois State Board of Education			<u>16,798</u>
U.S. Dept. of Labor			
Passed through Mid-5 Employment & Training, Inc.			
Workforce Investment Act Youth Activities	17.259		12,000
Total Mid-5 Employment & Training, Inc.			<u>12,000</u>
Passed through Wabash Area Development, Inc.			
Workforce Investment Act Youth Activities	17.259		14,000
Total Wabash Area Development, Inc.			<u>14,000</u>
Total U.S. Dept. of Labor			<u>26,000</u>
U.S. Forestry Department			
Passed through Illinois Department of Natural Resources			
National Forest - Dependent Rural Communities			
Federal Forest Reserve	10.670	10-4473-00	1,710
Total U.S. Forestry Department passed through the Illinois Department of Natural Resources			<u>1,710</u>
Total Expenditures of Federal Awards			<u>\$ 635,801</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Federal Forest Reserve	10.670	\$ 1,710
Title I Grants to Local Educational Agencies	84.010	\$ 91,310
Reading First State Grants	84.357A	\$ 5,400

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Federal Special Education – Preschool Discretionary – This fund is used to account for the federal grant which promotes increasing public awareness of availability of services and locating, identifying, and evaluating children suspected of having disabilities.

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

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None