

**State of Illinois**  
**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI,**  
**AND UNION COUNTIES**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act**  
**& OMB Circular A-133)**  
**For the Year Ended June 30, 2010**

**Performed as Special Assistant Auditors**  
**for the Office of the Auditor General**

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
June 30, 2010**

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**June 30, 2010**

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**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
June 30, 2010**

**OFFICIALS**

Regional Superintendent  
(Current and during the Audit Period)

Ms. Janet Ulrich

Assistant Regional Superintendent  
(Current and during the Audit Period)

Mr. Edwin Schoemate

Office is located at:

17 Rustic Campus Drive  
Ullin, Illinois 62992

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
June 30, 2010**

**COMPLIANCE REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	4	4
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	2	0

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

An additional 4 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 auditors' 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)			
10-01	12a	Controls Over Financial Statement Preparation	Material Weakness
10-02	12c	Inadequate Monitoring of Collateral on Deposits	Material Weakness and Noncompliance
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
10-03	13	Interest Earned on Federal Grant Funds	Significant Deficiency and Noncompliance
10-04	13	Improper Completion of Expenditure Reports	Significant Deficiency and Noncompliance
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
09-01	15	Inadequate Internal Control Procedures	
09-03	15	Lack of Adequate Capital Asset System	
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
None			

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**For the Year Ended June 30, 2010**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on October 29, 2010. Attending were Janet Ulrich, Regional Superintendent; Kris Fasnacht, Fiscal Manager; Kylie Smith, Senior Accountant, Kemper CPA Group, LLP; and Michelle Weaver, Staff Accountant, Kemper CPA Group, LLP. Responses to the recommendations were provided by Janet Ulrich, Regional Superintendent, as of that date.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
For the Year Ended June 30, 2010**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Alexander, Johnson, Massac, Pulaski, and Union Counties Regional Office of Education #2 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #2'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 Regional Office of Education #2, as of and for the year ended June 30, 2010, which collectively comprise the Regional Office of Education #2's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #2'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 Regional Office of Education #2, 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 April 22, 2011 on our consideration of the Regional Office of Education #2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a-16j and 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #2's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, the Schedule of Disbursements to School District Treasurers and Other Entities, 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*

KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
April 22, 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 Regional Office of Education #2, as of and for the year ended June 30, 2010, which collectively comprise the Regional Office of Education #2's basic financial statements and have issued our report thereon dated April 22, 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 Regional Office of Education #2'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 Regional Office of Education #2's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #2's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 10-01 and 10-02 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in findings 10-03 and 10-04 in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #2'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questions costs as items 10-02, 10-03 and 10-04.

We also noted certain matters which we have reported to management of the Regional Office of Education #2 in a separate letter dated April 22, 2011.

Regional Office of Education #2'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 Regional Office of Education #2'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*

KEMPER CPA GROUP LLP

*Certified Public Accountants and Consultants*

Marion, Illinois  
April 22, 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 Regional Office of Education #2'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 Regional Office of Education #2's major federal programs for the year ended June 30, 2010. The Regional Office of Education #2'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 Regional Office of Education #2's management. Our responsibility is to express an opinion on the Regional Office of Education #2'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 Regional Office of Education #2'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 Regional Office of Education #2's compliance with those requirements.

In our opinion, the Regional Office of Education #2 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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-03 and 10-04.

## Internal Control Over Compliance

Management of the Regional Office of Education #2 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 Regional Office of Education #2's internal control over compliance with the 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 Regional Office of Education #2'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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 10-03 and 10-04. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Regional Office of Education #2'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 Regional Office of Education #2'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*

KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
April 22, 2011

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
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?	Yes
● Significant Deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
● Noncompliance material to financial statements noted?	Yes

**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)?	Yes
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)?	Yes

Identification of **major** programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	System of Support Title I – School Improvement and Accountability

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

Auditee qualified as a low-risk auditee?	No
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**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2010**

**Finding No.: 10-01 – Controls Over Financial Statement Preparation (Partial repeat from Findings 09-02, 08-02, and 07-05)**

**Criteria/specific requirement:**

The Regional Office of Education #2 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #2 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of some accounts payable, accounts receivable, and deferred revenue, the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- In addition, several prior period audit adjustments had not been recorded within the Regional Office's basic financial statements.

**Effect:**

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

**Cause:**

According to Regional Office officials, they do not have adequate funding to hire a certified public accountant or other financial professionals for their full-time staff.

The omission of several prior period adjustments was due to oversight by Regional Office personnel.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2010**

**Finding No.: 10-01 – Controls Over Financial Statement Preparation (Concluded)**

**Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #2 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

In an attempt to correct this finding, the Regional Office sent the Controller to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).

In addition, the Regional Office has contracted with a Certified Public Accountant to assist the Regional Office with its yearend closing entries and who is willing to review and accept responsibility for the financial statements.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2010**

**Finding No.: 10-02 – Inadequate Monitoring of Collateral on Deposits**

**Criteria/Specific Requirement:**

The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #2's name. In addition, prudent business practice requires that all cash and investments held by financial institutions for the ROE be adequately covered by depository insurance or collateral.

**Condition:**

As of June 30, 2010, cash account balances with one bank exceeded Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral by \$373,035.

**Effect:**

Failure to secure full collateral on cash and investment balances may result in monetary losses to the Regional Office.

**Cause:**

According to the Regional Office's management, the required additional collateral for the Regional Office's deposits was deficient due to the Regional Office insufficiently monitoring account balances requiring collateral.

**Recommendation:**

The Regional Office should monitor collateral held for its bank accounts. The Regional Office should also establish controls for confirming amounts pledged by the bank on a regular basis, especially when the cash balances exceed the FDIC level.

**Management's Response:**

The Regional Office of Education #2 agrees with the finding. Management will meet with bank personnel to review their agreement about additional collateral for the Regional Office and to request a regular statement showing the amounts that have been pledged. The Regional Office's staff will also more closely monitor collateral pledged on bank account balances.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2010**

**Finding No.: 10-03 – Interest Earned on Federal Grant Funds (Repeat from Finding 09-04)**

**Federal Program Name & Year:** System of Support – Title I – School Improvement and Accountability

**Project Number:** 09-4331-SS

**CFDA Number:** 84.010A

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Criteria/specific requirement:**

The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 Code of Federal Regulations Part 80.21) requires that interest earned on federal fund balances in excess of \$100 be remitted back to the federal granting agency promptly or at least quarterly.

**Condition:**

The Regional Office had interest income of \$514 earned from federal funding in excess of \$100 related to the 2009 System of Support – Title I – School Improvement and Accountability program, dated September 1, 2008 through August 31, 2009, which was due back to the grantor agency.

**Questioned Costs:**

\$514

**Context:** N/A

**Effect:**

Noncompliance with the *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 Code of Federal Regulations Part 80.21).

**Cause:**

Oversight by Regional Office personnel.

**Recommendation:**

The Regional Office should track interest earnings on federal funds so that any excess funds can be returned promptly. In addition, at the end of the grant period, unobligated or unspent interest on all grants plus any federal interest in excess of \$100 should be returned to the grantor.

**Management's Response:**

The Regional Superintendent agrees with the finding.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2010**

**Finding No.: 10-04 – Improper Completion of Expenditure Reports**

**Federal Program Name & Year:** System of Support – Title I – School Improvement and Accountability  
System of Support – Title II – Teacher Quality – Leadership Grant

**Project Number:** 10-4331-SS and 10-4935-SS

**CFDA Number:** 84.010A and 84.367A

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Criteria/specific requirement:**

When grants have expenditures that are obligated, but not yet expended at the end of a grant period, the Illinois State Board of Education requires these amounts to be reported as obligations on initial grant yearend expenditure reports.

**Condition:**

The Regional Office had expenditures related to its System of Support – Title I and System of Support – Title II grants totaling \$303,861 and \$32,819, respectively, that were obligated at June 30, 2010 but were not reported as such on its initial June 30, 2010 grant year end reports.

**Questioned Costs:** N/A

**Context:** N/A

**Effect:**

The Regional Office of Education was not in compliance with the Illinois State Board of Education grant expenditure report filing requirements. In addition, final June 30, 2010 expenditure reports could not be filed until revisions were made to the initial reports filed.

**Cause:**

Oversight by Regional Office personnel.

**Recommendation:**

The Regional Office should implement procedures to ensure that expenditure reports are filed correctly with the Illinois State Board of Education.

**Management's Response:**

The Regional Superintendent agrees with the finding. The Regional Office did become aware of the problem upon the filing of their final expenditure reports for the grants. At this time, revisions were made to the initial grant yearend reports to report obligations so that the final grant reports could be filed with an increase in expenditures.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**  
**For the Year Ended June 30, 2010**

**INSTANCES OF NONCOMPLIANCE:**

- Finding No. 10-03 – Interest Earned on Federal Grant Funds** (finding details on page 12d)
- Finding No. 10-04 – Improper Completion of Grant Expenditure Reports** (finding details on page 12e)

**SIGNIFICANT DEFICIENCIES:**

- Finding No. 10-03 – Interest Earned on Federal Grant Funds** (finding details on page 12d)
- Finding No. 10-04 – Improper Completion of Grant Expenditure Reports** (finding details on page 12e)

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2010**

**Corrective Action Plan**

**Finding No.: 10-01 – Controls Over Financial Statement Preparation (Partial repeat from Findings 09-02, 08-02, and 07-05)**

**Condition:**

The Regional Office of Education #2 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of some accounts payable, accounts receivable, and deferred revenue, the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

In addition, several prior period audit adjustments had not been recorded within the Regional Office's basic financial statements.

**Plan:**

The Regional Office will continue to send the Controller to various trainings to assist her in gaining a better understanding of accrual accounting and reporting under generally accepted accounting principles (GAAP).

The Regional Office has contracted with a Certified Public Accountant to assist the Regional Office with its yearend closing entries and who is willing to review and accept responsibility for the financial statements.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Ms. Janet Ulrich, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2010**

**Corrective Action Plan**

**Finding No.: 10-02 – Inadequate Monitoring of Collateral on Deposits**

**Condition:**

As of June 30, 2010, cash account balances with one bank exceeded Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral by \$627,879.

**Plan:**

Management will meet with bank personnel to review their agreement about additional collateral for the Regional Office and to request a regular statement showing the amounts that have been pledged. The Regional Office's staff will also more closely monitor collateral pledged on bank account balances.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Ms. Janet Ulrich, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2010**

**Corrective Action Plan**

**Finding No.: 10-03 – Interest Earned on Federal Grant Funds (Repeat from Finding 09-04)**

**Condition:**

The Regional Office had interest income of \$514 earned from federal funding in excess of \$100 related to the 2009 System of Support – Title I – School Improvement and Accountability program, dated September 1, 2008 through August 31, 2009, which was due back to the grantor agency.

**Plan:**

The Regional Office will track interest earnings on federal funds so that any excess funds can be returned promptly. In addition, at the end of the grant period, unobligated or unspent interest on all grants plus any federal interest in excess of \$100 will be returned to the grantor.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Ms. Janet Ulrich, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2010**

**Corrective Action Plan**

**Finding No.: 10-04 – Improper Completion of Expenditure Reports**

**Condition:**

The Regional Office had expenditures related to its System of Support – Title I and System of Support – Title II grants totaling \$303,861 and \$32,819, respectively that were obligated at June 30, 2010 but were not reported as such on its initial June 30, 2010 grant year end reports.

**Plan:**

The Regional Office will implement procedures to ensure that expenditure reports are filed correctly with the Illinois State Board of Education.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Ms. Janet Ulrich, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2010**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
09-01	Inadequate Internal Control Procedures	Not Repeated
09-02	Controls Over Financial Statement Preparation	Repeated in Part
09-03	Lack of Adequate Capital Asset System	Not Repeated
09-04	Interest Earned on Federal Grant Funds	Repeated

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

Regional Office of Education #2 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the Regional Office of Education #2's financial statements, which follow.

**2010 FINANCIAL HIGHLIGHTS**

- General fund revenues increased from \$434,189 in fiscal year 2009 (FY09) to \$455,630 in fiscal year 2010 (FY10), and General fund expenditures decreased from \$415,166 in FY09 to \$402,237 in FY10. This resulted in an increase in the Regional Office of Education #2's General fund balance from \$336,466 in FY09 to \$395,232 in FY10.
- The increase in General fund revenues was attributed to an increase in local grant revenue in FY10. The decrease in expenditures was due primarily to the reduction in staff and expenses where possible. Some staff members left the Regional Office of Education #2 and were not replaced or were replaced by staff members at lower salaries.
- Education fund revenues decreased from \$2,734,183 in FY09 to \$2,725,727 in FY10, and Education fund expenditures increased from \$2,461,738 in FY09 to \$2,583,848 in FY10. This resulted in an increase in the Education fund balance from \$1,515,518 in FY09 to \$1,692,293 in FY10.
- The decrease in Education fund revenues was attributed to a decrease in federal grant revenue in FY10. The increase in expenditures was due primarily to increased cost of normal operating expenses.

**USING THIS ANNUAL REPORT**

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

- The Regional Office of Education #2's Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education #2'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 Regional Office of Education #2 as a whole and present an overall view of the Regional Office of Education #2's finances.
- The governmental 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 Regional Office of Education #2's operations in more detail than the government-wide statements by providing information about the most significant funds.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**USING THIS ANNUAL REPORT (Concluded)**

- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- The required supplementary information and supplementary information further explains and supports the financial statements with a Schedule of Funding Progress for the Illinois Municipal Retirement Fund, a comparison of the Regional Office of Education #2's budget for the year, and detailed information about the non-major funds.

**REPORTING THE REGIONAL OFFICE OF EDUCATION #2 AS A WHOLE**

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

The Government-wide statements report information about the Regional Office of Education #2 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all the Regional Office of Education #2'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 Regional Office of Education #2's net assets and how they have changed. Net assets – the difference between the Regional Office of Education #2's assets and liabilities – are one way to measure the Regional Office of Education #2's financial health or position.

- Over time, increases or decreases in the Regional Office of Education #2's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office of Education #2's overall health, additional non-financial factors, need to be considered.

In the government-wide financial statements, the Regional Office of Education #2's activities consist of governmental activities and business-type activities.

- *Governmental activities:* Most of the Regional Office of Education #2'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 Regional Office of Education #2 charges fees to help cover the costs of certain services and workshops it provides.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**REPORTING THE REGIONAL OFFICE OF EDUCATION #2 AS A WHOLE  
(Concluded)**

**Governmental Fund Financial Statements**

The governmental fund financial statements provide detailed information about the Regional Office of Education #2's funds, focusing on its most significant or "major" funds – not the Regional Office of Education #2 as a whole. Funds are accounting devices the Regional Office of Education #2 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #2 establishes other funds to control and manage money for particular purposes.

Governmental funds account for most of the Regional Office of Education #2'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 Regional Office of Education #2'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 Regional Office of Education #2'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.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Regional Office of Education #2's net assets at the end of fiscal year 2010 totaled approximately \$2.4 million. This compared to approximately \$2.0 million at the end of fiscal year 2009. The analysis that follows provides a summary of the Regional Office of Education #2's net assets at June 30, 2010 and 2009 for the governmental and business-type activities.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

	<u>2010</u>	<u>2009</u>	<u>Increase / (Decrease)</u>
Current Assets	\$ 2,645,911	\$ 2,357,422	288,489
Noncurrent Assets	<u>135,256</u>	<u>137,439</u>	(2,183)
Total Assets	<u>2,781,167</u>	<u>2,494,861</u>	286,306
Current Liabilities	377,844	511,564	(133,720)
Noncurrent Liabilities	<u>11,668</u>	<u>11,211</u>	457
Total Liabilities	<u>389,512</u>	<u>522,775</u>	(133,263)
Net Assets:			
Invested in Capital Assets	135,256	137,439	(2,183)
Unrestricted	2,253,651	1,842,364	411,287
Restricted for teacher professional development	<u>2,748</u>	<u>(7,717)</u>	10,465
Total Net Assets	<u>\$ 2,391,655</u>	<u>\$ 1,972,086</u>	419,569

The Regional Office of Education #2's combined governmental net assets increased by \$419,569 from fiscal year 2009.

BUSINESS-TYPE ACTIVITIES

	<u>2010</u>	<u>2009</u>	<u>Increase / (Decrease)</u>
Current Assets	\$ 41,562	\$ 29,597	11,965
Noncurrent Assets	<u>720</u>	<u>1,671</u>	(951)
Total Assets	<u>42,282</u>	<u>31,268</u>	11,014
Net Assets:			
Invested in Capital Assets	720	1,671	(951)
Unrestricted	<u>41,562</u>	<u>29,597</u>	11,965
Total Net Assets	<u>\$ 42,282</u>	<u>\$ 31,268</u>	11,014

The Regional Office of Education #2's combined business-type net assets increased by \$11,014 from fiscal year 2009.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

STATEMENT OF ACTIVITIES

GOVERNMENTAL ACTIVITIES

	2010	2009	Increase / (Decrease)
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 2,450,866	\$ 2,313,780	137,086
Charges for services	28,272	-	28,272
General Revenues:			
Local sources	187,454	193,477	(6,023)
State sources	398,317	421,726	(23,409)
On-behalf payments - State	320,947	258,796	62,151
Transfers	-	-	-
Investment Earnings (Interest)	40,290	47,238	(6,948)
Loss on asset disposals	-	-	-
Total Revenues	3,426,146	3,235,017	191,129
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and benefits	926,327	1,044,721	(118,394)
Purchased services	524,403	700,630	(176,227)
Supplies and materials	184,461	169,152	15,309
Other objects	1,048	-	1,048
Depreciation expense	29,278	43,077	(13,799)
Loss on disposal of capital assets	2,627	-	2,627
Payments to other governments	1,014,686	708,603	306,083
On-behalf payments - State	320,947	258,796	62,151
Total Expenses	3,003,777	2,924,979	78,798
Change in Net Assets	422,369	310,038	112,331
Net Assets - Beginning	1,969,286	1,662,048	307,238
Net Assets - Ending	\$ 2,391,655	\$ 1,972,086	419,569

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

STATEMENT OF ACTIVITIES

BUSINESS-TYPE ACTIVITIES

	<u>2010</u>	<u>2009</u>	<u>Increase / (Decrease)</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 22,075	\$ 13,590	8,485
General Revenues:			
Transfers	-	-	-
Investment Earnings (Interest)	163	210	(47)
Total Revenues	<u>22,238</u>	<u>13,800</u>	8,438
Expenses:			
Salaries and benefits	-	1,123	(1,123)
Purchased services	9,628	5,891	3,737
Supplies and materials	645	2,194	(1,549)
Other objects	-	-	-
Depreciation expense	951	1,113	(162)
Total Expenses	<u>11,224</u>	<u>10,321</u>	903
Change in Net Assets	11,014	3,479	7,535
Net Assets - Beginning	<u>31,268</u>	<u>27,789</u>	3,479
Net Assets - Ending	<u>\$ 42,282</u>	<u>\$ 31,268</u>	11,014

**FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION FUNDS**

As previously noted, Regional Office of Education #2 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION FUNDS**

**Governmental Fund Highlights**

The Regional Office of Education #2's governmental fund reported combined fund balances of \$2,091,840 compared with FY09's ending fund balances of \$1,845,858. Of this, general fund balance of \$395,232 increased from FY09's ending fund balance of \$336,466, education fund balance of \$1,692,293 increased from FY09's ending fund balance of \$1,515,518, and other non-major governmental fund balance of \$4,315 increased from FY09's ending fund balance of (\$8,926). The primary reason for the increase in combined fund balances in FY10 was due to reduced expenditures to keep within budgets.

Another reason for the significant change was the reduction in staff. Some staff members left the Regional Office of Education #2 and were not replaced or were replaced by staff members at lower salaries.

The Regional Office of Education #2's increasing General Fund financial position is the product of many factors, including decreased expenditures for salaries and benefits, and purchased services.

**Business-Type Fund Highlights**

The Regional Office of Education #2's business-type fund reported combined fund balances of \$42,282 compared with FY09's ending fund balances of \$31,268. The primary reason for the increase in fund balances in FY10 was due to expenses being held below revenues.

**FIDUCIARY FUND TYPE**

Regional Office of Education #2's funds are used to account for assets held by the Regional Office of Education #2 in trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Distributive Fund is the Regional Office of Education #2's only agency fund.

Interest on Distributive Fund – The Regional Office of Education #2 has agreements with all participating districts in the region whereby the Regional Office of Education #2 is allowed to keep the interest for expenditures benefiting all districts.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**FINANCIAL ANALYSIS OF THE REGIONAL OFFICE OF EDUCATION FUNDS**

**MEASUREMENT FOCUS**

The fund financial statements of all Governmental Funds 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 concepts 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 Regional Office of Education #2; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditures 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.

**BUDGETARY HIGHLIGHTS**

The Regional Office of Education #2's Advisory Board approves an education plan. Although the budget document presents functional disbursements by fund, the legal level of control is at the total expenditure level, not at the fund or fund type level. 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 Regional Office of Education #2 amended its annual operating budget several times to reflect additional revenue and expenditures associated with the additional services needed and provided to the local school districts. The Regional Office of Education #2 has a five-county budget for administrative purposes. Each county contributes financially to the Regional Office of Education #2 based upon the county's population.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Regional Office of Education #2 does own buildings and equipment. Items purchased costing over \$500 are listed on the Regional Office of Education #2's inventory. At June 30, 2010 the Regional Office of Education #2 had an investment in capital assets of \$135,976 which is the original cost of the assets less the accumulated depreciation.

**Debt**

The Regional Office of Education #2 incurs no debt. All bills are paid by the end of the fiscal year.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At the time these financial statements were prepared and audited, the Regional Office of Education #2 was aware of existing circumstances that could significantly affect its financial health in the future.

The Regional Office of Education #2 has experienced an increase in the number of students being served by its programs in the past five years. A slight increase in enrollment is expected and included in the budget based on request from local school districts.

**ADDITIONAL INFORMATION**

The following information is furnished to further explain the Regional Office of Education #2's financial analysis and planning:

Management staff and financial staff continually review all aspects of the financial statements including the format of financial statements, accounting and reporting capital assets, and internal service funds. This would include a monthly analysis and cross check of balancing the various funds. The review of how to meet projected shortfalls are discussed and analyzed at these meetings. The major problem with finances is the State's inability to pay the Regional Office of Education #2 for approved grant funds.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER-JOHNSON-MASSAC-PULASKI-UNION COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**ADDITIONAL INFORMATION (CONCLUDED)**

The management team reviews all programs from short-term to long-term concerning the financial aspects of the Regional Office of Education #2. This includes reviewing projected funds and/or amending the various programs in order to ensure adequate and proper funding. Most financial receipts are ultimately received by the Regional Office of Education #2 to maintain programs. The serious problem is that these funds are often late by several months which cause fund transfers and other methods to stay financially viable. Generally speaking, the funds are received by the end of the year, but few are received as indicated in the grant programs. Improved financial planning could occur if the State gave general guidelines from one year to the next. For example, if we were told a particular program will receive at least 85 percent of last year's budget; this would enable the Regional Office of Education #2 to plan more effectively.

The current year results in comparison with prior years, indicates a decrease from last year. Although final results are not available at this point in time, preliminary indications indicate another reduction in Regional Office of Education #2 funds and probably other grant programs. Because of this uncertainty it is very difficult to develop a plan to increase or maintain the effectiveness of the Regional Office of Education #2 and grant programs.

**CONTACTING THE REGIONAL OFFICE OF EDUCATION #2'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Regional Office of Education #2's citizens, taxpayers, customers, and investors with a general overview of the Regional Office of Education #2's finances and to demonstrate the Regional Office of Education #2's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Regional Office of Education #2, 17 Rustic Campus Drive, Ullin, IL 62992.

## **BASIC FINANCIAL STATEMENTS**

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 2,208,097	\$ 41,562	\$ 2,249,659
Due from other governments	437,814	-	437,814
Total Current Assets	<u>2,645,911</u>	<u>41,562</u>	<u>2,687,473</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	135,256	720	135,976
Total Noncurrent Assets	<u>135,256</u>	<u>720</u>	<u>135,976</u>
<b>TOTAL ASSETS</b>	<u>2,781,167</u>	<u>42,282</u>	<u>2,823,449</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	213,882	-	213,882
Deferred revenue	163,962	-	163,962
Total Current Liabilities	<u>377,844</u>	<u>-</u>	<u>377,844</u>
Noncurrent Liabilities:			
Liability for compensated absences	11,668	-	11,668
Total Noncurrent Liabilities	<u>11,668</u>	<u>-</u>	<u>11,668</u>
<b>TOTAL LIABILITIES</b>	<u>389,512</u>	<u>-</u>	<u>389,512</u>
<b>NET ASSETS</b>			
Invested in capital assets	135,256	720	135,976
Restricted for teacher professional development	2,748	-	2,748
Unrestricted	2,253,651	41,562	2,295,213
<b>TOTAL NET ASSETS</b>	<u>\$ 2,391,655</u>	<u>\$ 42,282</u>	<u>\$ 2,433,937</u>

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**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		Total
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
Instructional Services:						
Salaries and benefits	\$ 926,327	\$ 4,476	\$ 792,366	\$ (129,485)	\$ -	\$ (129,485)
Purchased services	524,403	16,007	454,246	(54,150)	-	(54,150)
Supplies and materials	184,461	7,789	159,585	(17,087)	-	(17,087)
Other objects	1,048	-	261	(787)	-	(787)
Depreciation	29,278	-	29,722	444	-	444
Loss on disposal of capital assets	2,627	-	-	(2,627)	-	(2,627)
Payments to other governments	1,014,686	-	1,014,686	-	-	-
Administrative:						
On-behalf payments - State	320,947	-	-	(320,947)	-	(320,947)
Total governmental activities	<u>3,003,777</u>	<u>28,272</u>	<u>2,450,866</u>	<u>(524,639)</u>	<u>-</u>	<u>(524,639)</u>
Business-type activities:						
Registration/Testing fee	11,224	22,075	-	-	10,851	10,851
Total business-type activities	<u>11,224</u>	<u>22,075</u>	<u>-</u>	<u>-</u>	<u>10,851</u>	<u>10,851</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 3,015,001</u>	<u>\$ 50,347</u>	<u>\$ 2,450,866</u>	<u>(524,639)</u>	<u>10,851</u>	<u>(513,788)</u>
<b>GENERAL REVENUES:</b>						
Local sources				187,454	-	187,454
State sources				398,317	-	398,317
On-behalf payments - State				320,947	-	320,947
Interest Income				40,290	163	40,453
Total general revenues				<u>947,008</u>	<u>163</u>	<u>947,171</u>
CHANGE IN NET ASSETS				422,369	11,014	433,383
NET ASSETS - BEGINNING, RESTATED				<u>1,969,286</u>	<u>31,268</u>	<u>2,000,554</u>
NET ASSETS - ENDING				<u>\$ 2,391,655</u>	<u>\$ 42,282</u>	<u>\$ 2,433,937</u>

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2010**

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 229,569	\$ 1,968,166	\$ 10,362	\$ -	\$ 2,208,097
Due from other funds	396,954	238,812	-	(635,766)	-
Due from other governments	38,643	399,171	-	-	437,814
<b>TOTAL ASSETS</b>	<b>\$ 665,166</b>	<b>\$ 2,606,149</b>	<b>\$ 10,362</b>	<b>\$ (635,766)</b>	<b>\$ 2,645,911</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Due to other funds	\$ 248,233	\$ 381,488	\$ 6,045	\$ (635,766)	\$ -
Accounts payable	-	213,882	-	-	213,882
Deferred revenue	21,701	318,486	2	-	340,189
<b>Total Liabilities</b>	<b>269,934</b>	<b>913,856</b>	<b>6,047</b>	<b>(635,766)</b>	<b>554,071</b>
<b>Fund Balances</b>					
<b>Unreserved, reported in:</b>					
Special revenue funds	-	1,692,293	4,315	-	1,696,608
General fund	395,232	-	-	-	395,232
<b>Total Fund Balances</b>	<b>395,232</b>	<b>1,692,293</b>	<b>4,315</b>	<b>-</b>	<b>2,091,840</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 665,166</b>	<b>\$ 2,606,149</b>	<b>\$ 10,362</b>	<b>\$ (635,766)</b>	<b>\$ 2,645,911</b>

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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
June 30, 2010**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 2,091,840
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Some revenues will not be collected for several months after the Regional Office's fiscal yearend, they are not considered "available" revenues and are deferred in the governmental funds.	176,227
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$690,019.	135,256
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Accrued payroll and benefit costs which reflect the amount of vacation pay that has been earned by the Regional Office of Education #2's employees but will not be paid within the next year is not reported in the governmental funds.	(11,668)
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,391,655</u>
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The notes to the financial statements are an integral part of this statement.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2010**

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 78,107	\$ 87,646	\$ 21,012	\$ -	\$ 186,765
State sources	56,576	957,789	7,260	-	1,021,625
State sources - payments made on behalf of region	320,947	-	-	-	320,947
Federal sources	-	1,680,292	-	-	1,680,292
<b>Total Revenues</b>	<b>455,630</b>	<b>2,725,727</b>	<b>28,272</b>	<b>-</b>	<b>3,209,629</b>
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries and benefits	56,202	867,285	2,383	-	925,870
Purchased services	18,686	497,195	8,522	-	524,403
Supplies and materials	5,640	174,674	4,147	-	184,461
Other objects	762	286	-	-	1,048
Payments to other governments	-	1,014,686	-	-	1,014,686
Payments made on behalf of region	320,947	-	-	-	320,947
Capital outlay	-	29,722	-	-	29,722
<b>Total Expenditures</b>	<b>402,237</b>	<b>2,583,848</b>	<b>15,052</b>	<b>-</b>	<b>3,001,137</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>53,393</b>	<b>141,879</b>	<b>13,220</b>	<b>-</b>	<b>208,492</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	959	493	-	(1,452)	-
Transfers out	-	(1,452)	-	1,452	-
Interest	4,414	35,855	21	-	40,290
<b>Total Other Financing Sources (Uses)</b>	<b>5,373</b>	<b>34,896</b>	<b>21</b>	<b>-</b>	<b>40,290</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>58,766</b>	<b>176,775</b>	<b>13,241</b>	<b>-</b>	<b>248,782</b>
<b>FUND BALANCES - BEGINNING, RESTATED</b>	<b>336,466</b>	<b>1,515,518</b>	<b>(8,926)</b>	<b>-</b>	<b>1,843,058</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 395,232</b>	<b>\$ 1,692,293</b>	<b>\$ 4,315</b>	<b>\$ -</b>	<b>\$ 2,091,840</b>

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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
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 \$ 248,782

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

Governmental funds report capital outlays as expenditures and proceeds from disposals as revenue. However, in the Statement of Activities, the cost of those assets which meet capitalization requirements is allocated over their estimated useful lives and reported as depreciation expense and gains and losses are reported on disposals:

Capital Outlay	\$ 29,722	
Depreciation Expense	<u>(29,278)</u>	444
Loss on disposal of capital assets		(2,627)

Accrued payroll and benefits costs which reflect the amount of vacation pay that has been earned by the Regional Office of Education #2's employees in the current year but will not be paid within the next year is not reported in the governmental funds. (457)

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

Local Sources	21,701	
State Sources	147,648	
Federal Sources	<u>6,878</u>	<u>176,227</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 422,369

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**June 30, 2010**

	Business-Type Activities - Enterprise Funds	
	Workshops Fund	Total
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 41,562	\$ 41,562
Total current assets	41,562	41,562
Noncurrent assets:		
Capital assets, net of accumulated depreciation:	720	720
Total noncurrent assets	720	720
<b>TOTAL ASSETS</b>	<b>42,282</b>	<b>42,282</b>
<b>NET ASSETS</b>		
Invested in capital assets	720	720
Unrestricted	41,562	41,562
<b>TOTAL NET ASSETS</b>	<b>\$ 42,282</b>	<b>\$ 42,282</b>

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2010**

	Business-Type Activities - Enterprise Funds	
	Workshops Fund	Total
<b>OPERATING REVENUES</b>		
Local sources	\$ 22,075	\$ 22,075
Total operating revenues	22,075	22,075
 <b>OPERATING EXPENSES</b>		
Purchased Services	9,628	9,628
Supplies and materials	645	645
Depreciation	951	951
Total operating expenses	11,224	11,224
 <b>OPERATING INCOME (LOSS)</b>	10,851	10,851
 <b>NONOPERATING REVENUES</b>		
Interest	163	163
Total nonoperating revenues	163	163
 <b>CHANGE IN NET ASSETS</b>	11,014	11,014
 <b>TOTAL NET ASSETS - BEGINNING</b>	31,268	31,268
 <b>TOTAL NET ASSETS - ENDING</b>	\$ 42,282	\$ 42,282

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2010**

	Business-Type Activities - Enterprise Funds	
	Workshops	
	Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 22,075	\$ 22,075
Payments to suppliers and providers of goods and services	(10,273)	(10,273)
Net cash provided by (used for) operating activities	<u>11,802</u>	<u>11,802</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest	163	163
Net cash provided by (used for) investing activities	<u>163</u>	<u>163</u>
Net increase (decrease) in cash	11,965	11,965
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>29,597</u>	<u>29,597</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 41,562</u>	<u>\$ 41,562</u>
<b>RECONILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 10,851	\$ 10,851
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	<u>951</u>	<u>951</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 11,802</u>	<u>\$ 11,802</u>

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

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**June 30, 2010**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Due from other governments	\$ 6,179,843
<b>TOTAL ASSETS</b>	<u>\$ 6,179,843</u>
<b>LIABILITIES</b>	
Due to other governments	\$ 6,179,843
<b>TOTAL LIABILITIES</b>	<u>\$ 6,179,843</u>

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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education #2 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

This summary of significant accounting policies of the Regional Office of Education #2 is presented to assist in understanding the Regional Office of Education #2's financial statements. The financial statements and notes are representations of the Regional Office of Education #2's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter 1, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

**A. Financial Reporting Entity**

The Regional Superintendent is responsible for supervision and control of school districts within the Regional Office of Education #2. This includes all aspects of supervision, reports and financial accounting of districts which are considered by State law to be in the Service Region. In addition, the Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers' meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #2's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts under her control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Regional Office of Education #2, or see that no payments are made unless the treasurer has filed or renewed appropriate bonds and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

A. Financial Reporting Entity (Concluded)

For the period ended June 30, 2010, the Regional Office of Education #2 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #2. Such activities are reported as a single major special revenue fund (Education Fund).

B. Scope of Reporting Entity

The Regional Office of Education #2's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #2 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #2, 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 Regional Office of Education #2 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 Regional Office of Education #2 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #2 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #2 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 Regional Office of Education #2'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 Regional Office of Education #2'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 Regional Office of Education #2. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #2'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 grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
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)**

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and proprietary 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 fund Balance Sheet and proprietary fund Statement of Net Assets and as other sources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Assets. All interfund transactions between governmental 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.

**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 non-major 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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Governmental Fund Financial Statements (Concluded)**

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. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. 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.

**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 Regional Office of Education #2; 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 Regional Office of Education 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.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
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)

Under the terms of grant agreements, Regional Office of Education #2 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 resources available to finance the program. It is Regional Office of Education #2's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

G. Fund Accounting

The Regional Office of Education #2 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 Regional Office of Education #2 uses governmental, proprietary, and fiduciary funds.

*Governmental Funds*

Governmental funds are those through which most governmental functions of the Regional Office of Education #2 are typically 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 Regional Office of Education #2 has presented all major funds that met the above qualifications.

The Regional Office of Education #2 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #2. It is used to account for all financial resources, which benefit all school districts in the region except those required to be accounted for in another fund. General funds include the following:

Regional Office of Education/ Intermediate Service Centers Operations – This fund accounts for the grant that provides funding for the Regional Office of Education #2.

Office Fund – This fund accounts for monies received from each of the five counties in the region for salaries, benefits, utilities, supplies, etc. of the Regional Office of Education #2.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Continued)

*Governmental Funds (Continued)*

Director's Fund – This fund accounts for the interest monies earned from the Distributive Fund which are used for the benefit of the Regional Office of Education #2 and its schools.

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 legally restricted to expenditures for specified purposes. Major special revenue funds include the following:

Education - This fund is used to account for various grant and educational enhancement programs including the following:

Adult Education - This fund accounts for monies received from the Illinois Community College Board (ICCB) for academic and vocational adult education programs including the following:

Federal Basic - This fund accounts for federal monies received from the ICCB which provide for adult basic education (GED) services for adult education clients.

General Revenue - This fund accounts for monies accumulated over 35+ years from varying sources in order to support all functions of the Regional Office of Education #2's adult education program.

Performance - This fund accounts for State monies received from the ICCB that can be used for any purpose that supports the adult education program.

Public Assistance - This fund accounts for State funds received from the ICCB for vocational training for adult education clients including computer and certified nurse assistant classes.

Adult State 3-1 - This fund accounts for State funds received from the ICCB for vocational training and can be used the same as Public Assistance funds.

Vocational Flow-Through - This fund accounts for State funding, as well as, the income generated from the operations of a print shop owned by the ROE which is utilized for the Adult Ed print shop class.

Area 6 South Tech Hub - This fund provides support for technology services for the Regional Office of Education #2 and the 19 school districts in its region.

English Language Learning Title III - This program provides training for administrators and teachers in schools who have English language learners. In-service includes legal requirements for ELL students as well as best classroom strategies for teachers.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Continued)

*Governmental Funds (Continued)*

Flexible Funding for Wraparound Plans - This fund provides services to at-risk clients from funds received from the Department of Children and Family Services.

General State Aid - This fund supports safe school and alternative education/adult education programs.

State Fiscal Stabilization Fund – Education State Grants and Government Services – American Recovery and Reinvestment Act (ARRA) – These funds support and restore funding for education and early childhood programs and services and support public safety and modernization, renovation, or repair of public school facilities.

Gifted Education - The purpose of this grant is to provide services, including professional development to teachers, to gifted students.

Grow Your Own FOCUS – This program encourages elementary and secondary schools and community-based agencies to create, develop, and offer service-learning opportunities for school-age youth. In addition, educate teachers about service and introduce young people to a broad range of careers and encourage them to pursue further education and training.

Department of Human Services/Southern Illinois Healthcare Kids in School - This fund provides head lice shampoo and supplies to families who can't afford them in order to get their children back into school.

McKinney Education for Homeless Children - The fund provides educational services and strives to heighten community awareness of the need to serve the homeless population.

Mentoring New Principals – This fund provides mentoring services for new principals.

Miscellaneous Grant Funds – This fund accounts for the revenue and expenditures of various federal, State, and local grant funds including the following: Kindergarten Standards Training, Title II – Teacher Quality, Title IV – Drug Awareness, Title V – Innovative Programs, Meth FOCUS grant, Standards Aligned Classroom, Southern Illinois Teaching – Quality Collaborative, and Wal-Mart grant.

Regional Safe Schools - The fund provides instruction services and materials for safe school students referred to the Regional Office of Education #2 from local school districts.

Secretary of State Adult Volunteer Literacy - This fund provides volunteer tutoring services to individuals in the Regional Office of Education #2 area.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Continued)

*Governmental Funds (Continued)*

Service Fund - This fund accounts for local Masonic scholarship funds to provide scholarships to local high school graduates.

System of Support – Other State Programs – This program provides professional development and support to No Child Left Behind status schools. The focus of State programs is standards alignment, standards-aligned classrooms, and standards based curriculum.

System of Support – Title I School Improvement and Accountability – This fund supports the improvement of basic programs operated by the Regional Office of Education #2 by providing professional development for data analysis, school improvement plan/development, standards-aligned curriculum/instruction, and classroom assessment to System of Support status schools on the Academic Early Warning and Watch.

System of Support – Title II Teacher Quality Leadership Grant – This fund provides professional development to assist teachers in becoming better instructional leaders.

Title I – Migrant Incentive Grant & Title I – Migrant Education - These programs work with children of migrant families through the summer months to help them retain what was learned in the prior school year.

Title I – Reading First Part B SEA Funds - This fund provides comprehensive reading program training to teachers in order to facilitate student achievement in reading.

Truants Alternative/Optional Education – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education #2.

Workforce Investment Act – This program provides youth activities such as tutoring, summer employment opportunities, adult mentoring, and comprehensive guidance and counseling to individuals within the five county region.

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 legally restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Institute - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

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

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Fund Accounting (Concluded)

*Governmental Funds (Concluded)*

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.

General Education Development - This fund accounts for the receipts and expenses pertaining to the G.E.D./High School Equivalency program for high school dropouts.

*Proprietary Funds*

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #2 on a cost reimbursement basis are reported. The Regional Office of Education #2 reports the following nonmajor proprietary fund:

Workshops Fund - This fund accounts for the receipts and expenses pertaining to teacher meetings and workshops of a professional nature.

*Fiduciary Funds*

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education #2 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Distributive Fund - This fund distributes monies received by the State to school districts and other entities.

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."

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

I. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #2 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 \$500 or more are recorded at historical cost or estimated historical cost. Contributed assets are recorded 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. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Office Equipment and Furniture	5-10 years
Computer Equipment	3 - 5 years
Other Equipment	5-20 years

L. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

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 #2 acts as the administrative agent for certain grant programs that are accounted for within the General Fund and the Education Fund. These programs have separate budgets and are required to report to the Illinois State Board of Education and Illinois Community College Board; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the General Fund and the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: ROE/ISC Operations, Adult Education - Federal Basic, Adult Education - Performance, Adult Education - Public Assistance, Adult Education - State 3-1, Area 6 South Tech Hub, English Language

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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

N. Budget Information

Learning Title III, Gifted Education, McKinney Education for Homeless Children, Regional Safe Schools, Secretary of State Adult Volunteer Literacy Grant, System of Support – Other State Programs, System of Support Title I – School Improvement and Accountability, System of Support Title II – Teacher Quality – Leadership Grant, Title I – Migrant Education, Title I – Migrant Incentive, Title I – Reading First Part B SEA Funds, Truants Alternative/Optional Education, and Workforce Investment Act.

**NOTE 2: CASH AND CASH EQUIVALENTS**

The Regional Office of Education #2 does not have a formal investment policy. The Regional Office of Education #2 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. Cash Deposits

At June 30, 2010, the carrying amount of the Regional Office of Education #2's government-wide and fiduciary fund deposits were \$2,249,659 and \$0 respectively, and the bank balances were \$2,569,694 and \$1,698,192, respectively.

At June 30, 2010, \$1,120,000 of the Regional Office of Education #2's cash deposits was insured by the Federal Deposit Insurance Corporation. Another \$2,002,472 was collateralized by securities pledged by the Regional Office of Education #2's financial institution in the name of the Regional Office. Finally, another \$373,035 was uncollateralized.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. The Regional Office of Education #2 does not have a deposit policy for custodial credit risk but follows the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code.

B. Investments

The Regional Office of Education #2 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2010, the Regional Office of Education #2 had investments with carrying and fair value of \$772,379 invested in the Illinois Funds Money Market Fund.

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**NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)**

*Credit Risk*

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

*Interest Rate Risk*

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

*Concentration of Credit Risk*

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

**NOTE 3: DEFINED BENEFIT PENSION PLAN**

**Plan Description.** The Regional Office of Education #2'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 #2's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on line at [www.imrf.org](http://www.imrf.org).

**Funding Policy.** As set by statute, the Regional Office of Education #2's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 6.59% of annual covered payroll. The Regional Office of Education #2 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 Regional Office of Education #2's annual pension cost of \$23,388 for the Regular plan was equal to the Regional Office of Education #2's required and actual contributions.

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**NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)**

**THREE YEAR TREND INFORMATION**

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 23,388	100%	\$ 0
12/31/08	32,008	100%	0
12/31/07	51,602	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% 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 employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Regional Office of Education #2'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, 2007, was 5 years.

**Funded Status and Funding Progress.** As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 80.15% funded. The actuarial accrued liability for benefits was \$1,142,658 and the actuarial value of assets was \$915,836, resulting in an unfunded actuarial accrued liability (UAAL) of \$226,822. The covered payroll (annual payroll of active employees covered by the plan) was \$354,904 and the ratio of the UAAL to the covered payroll was 64%. In conjunction with the December 2009 actuarial valuation 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.

**NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

The Regional Office of Education #2 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois, maintains primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

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**NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)**

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2010, was 9.4% 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% for the years ended June 30, 2009 and 2008.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #2's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #2. For the year ended June 30, 2010, the State of Illinois contributions were based on 23.38% of creditable earnings not paid from federal funds, and the Regional Office of Education #2 recognized revenue and expenditures of \$107,120 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% (\$67,411) and 13.11% (\$73,960), respectively.

The Regional Office of Education #2 makes three other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2010 were \$1,595. Contributions for the years ending June 30, 2009, and June 30, 2008, were \$2,289 and \$3,272, respectively.

**Federal and trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #2, there is a statutory requirement for the Regional Office of Education #2 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% of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08% and 13.11% of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$19,338 were paid from federal and special trust funds that required employer contributions of \$4,521. For the years ended June 30, 2009 and June 30, 2008, required Regional Office of Education #2 contributions were \$27,838 and \$35,890, respectively.

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**NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONCLUDED)**

- **Early retirement option.** The Regional Office of Education #2 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% and applies when the member is age 55 at retirement.

For the year ended June 30, 2010, the Regional Office of Education #2 paid no employer contributions to TRS under the ERO programs. For the years ended June 30, 2009 and June 30, 2008, the Regional Office of Education #2 paid no employer ERO contributions.

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

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

For the year ended June 30, 2010, the Regional Office of Education #2 paid no contributions to TRS for employer contributions due on salary increases in excess of 6%. For the year ended June 30, 2009 and June 30, 2008, the Regional Office of Education #2 paid no TRS for employer contributions due on salary increases in excess of 6%.

If Regional Office of Education #2 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, Regional Office of Education #2 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% of salary during the year ended June 30, 2010). For the year ended June 30, 2010, the Regional Office of Education #2 paid no TRS contributions for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2009 and June 30, 2008, the Regional Office of Education #2 paid no employer contributions granted for sick leave days.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010. The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at [trs.illinois.gov](http://trs.illinois.gov).

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**NOTE 5: OTHER POSTEMPLOYMENT COMMITMENTS**

Teacher Health Insurance Security Fund

The Regional Office of Education #2 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% 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 the Regional Office of Education #2. State contributions are intended to match contributions to the THIS Fund from active members which were 0.84% of pay during the year ended June 30, 2010. State of Illinois contributions were \$2,310 and the Regional Office of Education #2 recognized revenue and expenditures of this amount during the year.

Had the Regional Office of Education #2 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% of pay or \$3,315 and \$4,739, respectively.

**Employer contributions to THIS Fund.** The Regional Office of Education #2 also makes contributions to THIS Fund. The Regional Office of Education #2's contribution was 0.63% 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 #2 paid \$1,732 to the THIS Fund. For the years ended June 30, 2009 and 2008, the Regional Office of Education #2 paid \$2,486 and \$3,554 to the THIS Fund, respectively.

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.

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**NOTE 6: COMPENSATED ABSENCES**

Vacation pay and sick pay are considered expenditures in the year paid. An employee may accumulate an unlimited number of vacation days for use in future years; however, upon termination, with a few exceptions, employees will only be paid a maximum of twenty days. At June 30, 2010, the liability for unused vacation days was \$11,668, and is shown on the Statement of Net Assets. The amount of vacation pay that was earned by the Regional Office of Education #2's employees in the current year was \$457. Accumulated sick pay benefits are available to all full-time employees to use in future years. Unused sick pay is limited to a maximum of 48 days' pay. Upon termination, the employee is not compensated for any unused sick days; therefore, no accruals or reserves have been established.

**NOTE 7: INTERFUND RECEIVABLES AND PAYABLES**

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. These balances were eliminated in the government-wide Statement of Net Assets.

Fund	Due From Other Funds	Due to Other Funds
General Fund		
School Director's Fund	\$ 396,954	\$ 238,812
ROE/ISC Operations	-	9,421
Special Revenue Fund		
Institute	-	3,309
Bus Driver Permit	-	2,736
Education Fund		
Workforce Investment Act	-	7,099
Area 6 South Tech Hub	-	12,515
Vocational Flow-Through	-	62,192
SOS Title II	-	17,130
Adult Ed Education Performance	-	9,131
Truants' Alternative and Optional Education	-	81,770
Adult Ed State 3-1	-	98,781
Migrant Education	-	21,372
Migrant Incentive	-	1,096
Reading First	-	1,737
Regional Safe Schools	-	57,255
General State Aid	238,812	-
Adult Ed Public Assistance	-	11,410
	<b>\$ 635,766</b>	<b>\$ 635,766</b>

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**NOTE 8: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS**

The Regional Office of Education #2's General Fund, Education Fund, Agency Fund, and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due from Other Governmental Units:

General Fund		
Local Governments	\$	29,222
Illinois State Board of Education		9,421
Special Revenue Fund – Education Fund		
Illinois Community College Board		119,328
Illinois State Board of Education		198,258
Local Governments		81,585
Fiduciary Fund – Distributive Fund		
Illinois State Board of Education		6,179,843
Total	\$	<u>6,617,657</u>

Due to Other Governmental Units:

Fiduciary Fund – Distributive Fund		
Local School Districts		6,179,843
Total	\$	<u>6,179,843</u>

**NOTE 9: CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the Regional Office of Education #2 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. The following table provides a summary of changes in capital assets for the year ended June 30, 2010:

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**NOTE 9: CAPITAL ASSETS (CONTINUED)**

	Balance July 1, 2009	Adjustments	Reclassified	Additions	Deletions	Balance June 30, 2010
Governmental Funds:						
<u>General Fund</u>						
ROE/ISC Operations	\$ 305,339	\$ -	\$ -	\$ -	\$ (2,240)	\$ 303,099
School Director's Fund	1,410	-	-	-	(1,410)	-
<u>Education Fund</u>						
Adult Education - Federal Basic	70,402	-	-	2,383	(1,274)	71,511
Adult Education - General Revenue	115,635	-	2,000	-	(6,754)	110,881
Adult Education - Performance	98,928	-	(3,834)	7,313	(6,196)	96,211
Adult Education - Public Assistance	13,512	-	-	-	(557)	12,955
Adult Education - State 3-1	71,675	-	3,834	11,635	(8,512)	78,632
Area 6 Tech Hub	2,696	-	-	-	-	2,696
Breakfast Grant	1,398	-	-	-	-	1,398
DCEO Grant - Eliminate the Digital Divide	19,572	-	-	-	(8,363)	11,209
Even Start	5,350	-	(2,000)	-	(3,350)	-
Federal Special Ed - IDEA Discretionary	6,886	-	-	-	-	6,886
Local Professional Development Committee	-	-	-	-	-	-
McKinney Education for Homeless Children	-	-	-	-	-	-
Near and Far Sciences in Illinois	5,600	-	-	-	-	5,600
Reading First - Academics	7,823	-	-	-	-	7,823
Regional Safe Schools	79,007	-	-	-	-	79,007
Scientific Literacy - Contractual	-	-	-	-	-	-
SOS FY05 Title V	2,949	-	-	-	-	2,949
SOS Title II	4,995	-	-	-	-	4,995
State Aid	21,189	-	-	-	(5,450)	15,739
State Aid - Federal ARRA	-	-	-	2,200	-	2,200
State Aid - Federal ARRA	-	-	-	6,191	-	6,191
Technology Literacy Challenge Fund	-	-	-	-	-	-
Title IV - School & Drug Free/ Violence Prevention	5,293	-	-	-	-	5,293
Governmental Funds						
Total Capital Assets	839,659	-	-	29,722	(44,106)	825,275
Less: Accumulated Depreciation	702,218	20	-	29,278	(41,497)	690,019
Governmental Funds						
Investment in Capital Assets, Net	\$ 137,441	\$ (20)	\$ -	\$ 444	\$ (2,609)	\$ 135,256

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 9: CAPITAL ASSETS (CONCLUDED)**

	Balance July 1, 2009	Adjustments	Additions	Deletions	Balance June 30, 2010
Business-type Activities:					
Registration Fund	\$ 15,492	\$ -	\$ -	\$ -	\$ 15,492
Business-type Activities					
Total Capital Assets	15,492	-	-	-	15,492
Less: Accumulated Depreciation	13,821	-	951	-	14,772
Business-type Activities					
Investment in Capital Assets, Net	\$ 1,671	\$ -	\$ (951)	\$ -	\$ 720

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$29,278 and \$951 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2010. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

**NOTE 10: DISTRIBUTIVE FUND INTEREST**

A written agreement between the Regional Office of Education #2's school boards, which receive funds through the Regional Office of Education #2, provides for the retention of interest earned on the State Distributive Fund checking account by the Regional Superintendent to be used for the benefit of all of the districts in the region. During the year the distributive fund earned interest of \$4,039. At June 30, 2010 all accumulated interest had been distributed.

**NOTE 11: RISK MANAGEMENT**

The Regional Office of Education #2 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. Regional Office of Education #2 has purchased commercial insurance to cover these risks. During the year ended June 30, 2010, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 12: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURE**

The following funds had a deficit fund balance at June 30, 2010. The Regional Office of Education #2 will monitor expenses within these programs during the course of the subsequent fiscal year.

Fund		
Special Revenue Fund		
Bus Driver Permit	\$	(2,736)
Education Fund		
Adult Education Performance		(9,137)
Adult Education Public Assistance		(5,705)
Adult Education State 3-1		(49,391)
Regional Safe Schools		(34,353)
Truants Alternative/Optional Education		(49,062)
Workforce Investment Act		(7,099)

**NOTE 13: ON-BEHALF PAYMENTS**

The State of Illinois pays the following salaries and benefits on behalf of Regional Office of Education #2:

Regional Superintendent Salary	\$	96,435
Regional Superintendent Fringe Benefits (Includes State paid insurance)		12,244
Assistant Regional Superintendent Salary		86,791
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)		16,047
TRS Pension Contributions		107,120
THIS Fund Contributions		2,310
 Total	 \$	 <u>320,947</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 governmental fund financial statements as state revenue and expenditures.

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER/JOHNSON/MASSAC/PULASKI/UNION COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE 14: TRANSFERS**

Interfund transfers in/out to other funds at June 30, 2010 consist of the following individual transfers in/out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
ROE/ISC Operations	\$ 103	\$ -
Office	856	-
Education Fund:		
General State Aid		1,452
Adult Ed - Voc Ed Flowthrough	110	-
SOS - Other State Programs	230	-
ARRA GSA - Education	14	-
Area 6 South Tech Hub	139	-
	<hr/>	<hr/>
Total	<u>\$ 1,452</u>	<u>\$ 1,452</u>

**NOTE 15: RESTATEMENT OF NET ASSETS**

An adjustment of \$2,800 was made to beginning net assets which resulted in a change from \$1,972,086 to \$1,969,286. The adjustment was due to errors made in the prior year by the Regional Office of Education #2 in the recording of deferred revenue in the Service Fund.

**NOTE 16: NEW ACCOUNTING PRONOUNCEMENTS**

In 2010, the Regional Office of Education #2 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 #2 implemented these standards during the current year; however, GASB Statements No. 45, 51, 53, and 58 had no impact on the financial statements.

**NOTE 17: SUBSEQUENT EVENTS**

The Regional Office of Education #2 has evaluated subsequent events through April 22, 2011, the date which the financial statements were available to be issued.

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

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)  
SCHEDULE OF FUNDING PROGRESS  
For the Year Ended June 30, 2010**

*UNAUDITED*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a)/c)
12/31/09	\$915,836	\$1,142,658	\$226,822	80.15%	\$354,904	63.91%
12/31/08	884,580	1,087,491	202,911	81.34%	393,216	51.60%
12/31/07	1,253,359	1,217,616	(35,743)	102.94%	471,252	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$877,281. On a market basis, the funded ratio would be 76.78%.

**OTHER SUPPLEMENTAL INFORMATION**

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**GENERAL FUND**  
**June 30, 2010**

	ROE/ISC Operations	Office Fund	Director's Fund	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 229,569	\$ -	\$ 229,569
Due from other funds	-	-	396,954	396,954
Due from other governments	9,421	29,222	-	38,643
<b>TOTAL ASSETS</b>	<b>\$ 9,421</b>	<b>\$ 258,791</b>	<b>\$ 396,954</b>	<b>\$ 665,166</b>
<b>LIABILITIES</b>				
Due to other funds	\$ 9,421	\$ -	\$ 238,812	\$ 248,233
Deferred revenue	-	21,701	-	21,701
<b>TOTAL LIABILITIES</b>	<b>9,421</b>	<b>21,701</b>	<b>238,812</b>	<b>269,934</b>
<b>FUND BALANCES</b>				
Unreserved	-	237,090	158,142	395,232
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>237,090</b>	<b>158,142</b>	<b>395,232</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,421</b>	<b>\$ 258,791</b>	<b>\$ 396,954</b>	<b>\$ 665,166</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL FUND ACCOUNTS**  
**For the Year Ended June 30, 2010**

	ROE/ISC Operations	Office Fund	Director's Fund	TOTALS
<b>REVENUES</b>				
Local sources	\$ -	\$ 71,523	\$ 6,584	\$ 78,107
State sources	56,576	-	-	56,576
State sources - payments made on behalf of region	320,947	-	-	320,947
<b>Total Revenues</b>	<b>377,523</b>	<b>71,523</b>	<b>6,584</b>	<b>455,630</b>
<b>EXPENDITURES</b>				
Salaries and benefits	54,735	1,467	-	56,202
Purchased services	1,945	2,059	14,682	18,686
Supplies and materials	-	3,631	2,009	5,640
Other objects	-	762	-	762
Payments made on behalf of region	320,947	-	-	320,947
<b>Total Expenditures</b>	<b>377,627</b>	<b>7,919</b>	<b>16,691</b>	<b>402,237</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(104)</b>	<b>63,604</b>	<b>(10,107)</b>	<b>53,393</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	103	856	-	959
Transfer out	-	-	-	-
Interest	1	949	3,464	4,414
<b>Total Other Financing Sources (Uses)</b>	<b>104</b>	<b>1,805</b>	<b>3,464</b>	<b>5,373</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>65,409</b>	<b>(6,643)</b>	<b>58,766</b>
<b>FUND BALANCES - BEGINNING</b>	<b>-</b>	<b>171,681</b>	<b>164,785</b>	<b>336,466</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ 237,090</b>	<b>\$ 158,142</b>	<b>\$ 395,232</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period July 1, 2009 to June 30, 2010)**  
**GENERAL FUND ACCOUNTS**  
**ROE/ISC OPERATIONS**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 56,576	\$ 56,576	\$ 56,576
State sources - payments made on behalf of region	320,947	320,947	320,947
Total Revenues	<u>377,523</u>	<u>377,523</u>	<u>377,523</u>
Expenditures:			
Current:			
Salaries and benefits	54,481	54,481	54,735
Purchased services	2,095	2,095	1,945
Payments made on behalf of region	320,947	320,947	320,947
Total Expenditures	<u>377,523</u>	<u>377,523</u>	<u>377,627</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(104)</u>
Other Financing Sources (Uses):			
Transfers In	-	-	103
Interest	-	-	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>104</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUND**  
**June 30, 2010**

	Adult Education	Area 6 South Tech Hub	English Language Learning Title III	Flexible Funding for Wraparound Plans	General State Aid	ARRA General State Aid Government SFSF	ARRA General State Aid Education SFSF
<b>Assets</b>							
Cash and cash equivalents	\$ 130,506	\$ -	\$ -	\$ 1,822	\$ 1,474,566	\$ 133	\$ -
Due from other funds	-	-	-	-	238,812	-	-
Due from other governments	181,520	12,515	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 312,026</b>	<b>\$ 12,515</b>	<b>\$ -</b>	<b>\$ 1,822</b>	<b>\$ 1,713,378</b>	<b>\$ 133</b>	<b>\$ -</b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	181,514	12,515	-	-	-	-	-
Deferred revenue	64,239	-	-	1,822	1,335	-	-
<b>Total Liabilities</b>	<b>245,753</b>	<b>12,515</b>	<b>-</b>	<b>1,822</b>	<b>1,335</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>							
Unreserved	66,273	-	-	-	1,712,043	133	-
<b>Total Fund Balances</b>	<b>66,273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,712,043</b>	<b>133</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 312,026</b>	<b>\$ 12,515</b>	<b>\$ -</b>	<b>\$ 1,822</b>	<b>\$ 1,713,378</b>	<b>\$ 133</b>	<b>\$ -</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUND**  
**June 30, 2010**

	Gifted Education	Grow Your Own FOCUS	Kids in School (DHS)	McKinney Education for Homeless Children	Mentoring New Principals	Miscellaneous Grant Funds	Regional Safe Schools
<b>Assets</b>							
Cash and cash equivalents	\$ 34,834	\$ -	\$ 1,569	\$ -	\$ 9,073	\$ 4,584	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	2,200	57,255
<b>Total Assets</b>	<b>\$ 34,834</b>	<b>\$ -</b>	<b>\$ 1,569</b>	<b>\$ -</b>	<b>\$ 9,073</b>	<b>\$ 6,784</b>	<b>\$ 57,255</b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	57,255
Deferred revenue	34,834	-	1,569	-	9,073	6,784	34,353
<b>Total Liabilities</b>	<b>34,834</b>	<b>-</b>	<b>1,569</b>	<b>-</b>	<b>9,073</b>	<b>6,784</b>	<b>91,608</b>
<b>Fund Balances</b>							
Unreserved	-	-	-	-	-	-	(34,353)
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34,353)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 34,834</b>	<b>\$ -</b>	<b>\$ 1,569</b>	<b>\$ -</b>	<b>\$ 9,073</b>	<b>\$ 6,784</b>	<b>\$ 57,255</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUND**  
**June 30, 2010**

	Secretary of State Adult Volunteer Literacy	Service Fund	System of Support Other State Programs	System of Support Title I - School Improvement and Accountability	System of Support Title II Teacher Quality Leadership Grant	Title I Migrant Education (FY2009)	Title I Migrant Education (FY2010)
<b>Assets</b>							
Cash and cash equivalents	\$ 38	\$ 7,158	\$ -	\$ 303,874	\$ -	\$ -	\$ 1
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	32,827	-	21,372
<b>Total Assets</b>	<b>\$ 38</b>	<b>\$ 7,158</b>	<b>\$ -</b>	<b>\$ 303,874</b>	<b>\$ 32,827</b>	<b>\$ -</b>	<b>\$ 21,373</b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 198,185	\$ 15,697	\$ -	\$ -
Due to other funds	-	-	-	-	17,130	-	21,372
Deferred revenue	38	2,800	-	105,689	-	-	1
<b>Total Liabilities</b>	<b>38</b>	<b>2,800</b>	<b>-</b>	<b>303,874</b>	<b>32,827</b>	<b>-</b>	<b>21,373</b>
<b>Fund Balances</b>							
Unreserved	-	4,358	-	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>4,358</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 38</b>	<b>\$ 7,158</b>	<b>\$ -</b>	<b>\$ 303,874</b>	<b>\$ 32,827</b>	<b>\$ -</b>	<b>\$ 21,373</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUND**  
**June 30, 2010**

	Title I Migrant Incentive Grant	Title I Reading First Part B SEA Funds	Truants Alternative/ Optional Education	Workforce Investment Act	Total
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 8	\$ 1,968,166
Due from other funds	-	-	-	-	238,812
Due from other governments	1,096	1,738	81,770	6,878	399,171
<b>Total Assets</b>	<b>\$ 1,096</b>	<b>\$ 1,738</b>	<b>\$ 81,770</b>	<b>\$ 6,886</b>	<b>\$ 2,606,149</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 213,882
Due to other funds	1,096	1,737	81,770	7,099	381,488
Deferred revenue	-	1	49,062	6,886	318,486
<b>Total Liabilities</b>	<b>1,096</b>	<b>1,738</b>	<b>130,832</b>	<b>13,985</b>	<b>913,856</b>
<b>Fund Balances</b>					
Unreserved	\$ -	-	(49,062)	(7,099)	1,692,293
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>(49,062)</b>	<b>(7,099)</b>	<b>1,692,293</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,096</b>	<b>\$ 1,738</b>	<b>\$ 81,770</b>	<b>\$ 6,886</b>	<b>\$ 2,606,149</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2010**

	Adult Education	Area 6 South Tech Hub	English Language Learning Title III	Flexible Funding for Wraparound Plans	General State Aid	ARRA General State Aid Government SFSF	ARRA General State Aid Education SFSF
<b>Revenues:</b>							
Local sources	\$ 18,912	\$ -	\$ -	\$ -	\$ 56,534	\$ -	\$ -
State sources	254,888	12,515	-	-	344,699	-	-
Federal sources	180,511	-	2,000	-	30,318	18,986	56,957
Total Revenues	<u>454,311</u>	<u>12,515</u>	<u>2,000</u>	<u>-</u>	<u>431,551</u>	<u>18,986</u>	<u>56,957</u>
<b>Expenditures:</b>							
Salaries and benefits	379,512	12,239	-	-	659	6,376	606
Purchased services	67,457	415	-	-	12,793	81,608	40,545
Supplies and materials	48,767	-	2,006	141	33,923	16,758	9,634
Other objects	-	-	-	-	-	-	-
Capital outlay	21,331	-	-	-	-	2,200	6,191
Payments to other governments	-	-	-	-	-	-	-
Total Expenditures	<u>517,067</u>	<u>12,654</u>	<u>2,006</u>	<u>141</u>	<u>47,375</u>	<u>106,942</u>	<u>56,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(62,756)</u>	<u>(139)</u>	<u>(6)</u>	<u>(141)</u>	<u>384,176</u>	<u>(87,956)</u>	<u>(19)</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	110	139	-	-	-	-	14
Transfers out	-	-	-	-	(1,452)	-	-
Interest	1,143	-	6	141	33,609	158	5
Total Other Financing Sources (Uses)	<u>1,253</u>	<u>139</u>	<u>6</u>	<u>141</u>	<u>32,157</u>	<u>158</u>	<u>19</u>
Net Change in Fund Balance	(61,503)	-	-	-	416,333	(87,798)	-
Fund Balance - Beginning, Restated	<u>127,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,295,710</u>	<u>87,931</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 66,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,712,043</u>	<u>133</u>	<u>-</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2010**

	Gifted Education	Grow Your Own FOCUS	Kids in School (DHS)	McKinney Education for Homeless Children	Mentoring New Principals	Miscellaneous Grant Funds	Regional Safe Schools
<b>Revenues:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 2,200	\$ -
State sources	27,828	9,726	329	-	-	-	68,702
Federal sources	-	-	-	13,000	-	-	-
Total Revenues	<u>27,828</u>	<u>9,726</u>	<u>329</u>	<u>13,000</u>	<u>10,000</u>	<u>2,200</u>	<u>68,702</u>
<b>Expenditures:</b>							
Salaries and benefits	19,691	9,284	-	6,297	-	-	84,372
Purchased services	4,246	314	-	1,450	10,000	2,200	6,275
Supplies and materials	3,891	141	329	5,254	-	-	12,408
Other objects	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-
Total Expenditures	<u>27,828</u>	<u>9,739</u>	<u>329</u>	<u>13,001</u>	<u>10,000</u>	<u>2,200</u>	<u>103,055</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(34,353)</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Interest	-	13	-	1	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>13</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-	-	-	(34,353)
Fund Balance - Beginning, Restated	-	-	-	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,353)</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2010**

	Secretary of State Adult Volunteer Literacy	Service Fund	System of Support Other State Programs	System of Support Title I - School Improvement and Accountability	System of Support Title II Teacher Quality Leadership Grant	Title I Migrant Education (FY2009)	Title I Migrant Education (FY2010)
<b>Revenues:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	51,926	-	89,050	-	-	-	-
Federal sources	-	-	-	1,104,440	203,860	29,589	21,349
<b>Total Revenues</b>	<u>51,926</u>	<u>-</u>	<u>89,050</u>	<u>1,104,440</u>	<u>203,860</u>	<u>29,589</u>	<u>21,349</u>
<b>Expenditures:</b>							
Salaries and benefits	33,223	-	-	165,749	-	15,434	5,451
Purchased services	14,787	-	14,164	163,816	20,762	5,560	15,423
Supplies and materials	3,928	-	1,474	13,254	4,380	8,621	189
Other objects	-	-	-	-	-	-	286
Capital outlay	-	-	-	-	-	-	-
Payments to other governments	-	-	73,685	762,110	178,891	-	-
<b>Total Expenditures</b>	<u>51,938</u>	<u>-</u>	<u>89,323</u>	<u>1,104,929</u>	<u>204,033</u>	<u>29,615</u>	<u>21,349</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(12)</u>	<u>-</u>	<u>(273)</u>	<u>(489)</u>	<u>(173)</u>	<u>(26)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	230	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Interest	12	36	43	489	173	26	-
<b>Total Other Financing Sources (Uses)</b>	<u>12</u>	<u>36</u>	<u>273</u>	<u>489</u>	<u>173</u>	<u>26</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - Beginning, Restated</b>	<u>-</u>	<u>4,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 4,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2010**

	Title I Migrant Incentive Grant	Title I Reading First Part B SEA Funds	Truants Alternative/ Optional Education	Workforce Investment Act	Total
<b>Revenues:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 87,646
State sources	-	-	98,126	-	957,789
Federal sources	1,096	6,704	-	11,482	1,680,292
Total Revenues	<u>1,096</u>	<u>6,704</u>	<u>98,126</u>	<u>11,482</u>	<u>2,725,727</u>
<b>Expenditures:</b>					
Salaries and benefits	-	-	115,092	13,300	867,285
Purchased services	-	6,704	23,616	5,060	497,195
Supplies and materials	1,096	-	8,480	-	174,674
Other objects	-	-	-	-	286
Capital outlay	-	-	-	-	29,722
Payments to other governments	-	-	-	-	1,014,686
Total Expenditures	<u>1,096</u>	<u>6,704</u>	<u>147,188</u>	<u>18,360</u>	<u>2,583,848</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(49,062)</u>	<u>(6,878)</u>	<u>141,879</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	-	493
Transfers out	-	-	-	-	(1,452)
Interest	-	-	-	-	35,855
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,896</u>
Net Change in Fund Balance	-	-	(49,062)	(6,878)	176,775
Fund Balance - Beginning, Restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>(221)</u>	<u>1,515,518</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,062)</u>	<u>\$ (7,099)</u>	<u>\$ 1,692,293</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUND**  
**ADULT EDUCATION PROGRAMS**  
**June 30, 2010**

	<u>Federal Basic</u>	<u>General Revenue</u>	<u>Performance</u>	<u>Public Assistance</u>	<u>Adult State 3-1</u>	<u>Vocational Flow-Through</u>	<u>Total</u>
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ 130,506	\$ -	\$ -	\$ -	\$ -	\$ 130,506
Due from other governments	<u>-</u>	<u>-</u>	<u>9,137</u>	<u>11,410</u>	<u>98,781</u>	<u>62,192</u>	<u>181,520</u>
<b>Total Assets</b>	<u><u>\$ -</u></u>	<u><u>\$ 130,506</u></u>	<u><u>\$ 9,137</u></u>	<u><u>\$ 11,410</u></u>	<u><u>\$ 98,781</u></u>	<u><u>\$ 62,192</u></u>	<u><u>\$ 312,026</u></u>
<b>Liabilities</b>							
Due to other funds	\$ -	\$ -	\$ 9,131	\$ 11,410	\$ 98,781	\$ 62,192	\$ 181,514
Deferred revenue	<u>-</u>	<u>-</u>	<u>9,143</u>	<u>5,705</u>	<u>49,391</u>	<u>-</u>	<u>64,239</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>18,274</u>	<u>17,115</u>	<u>148,172</u>	<u>62,192</u>	<u>245,753</u>
<b>Fund Balances</b>							
Unreserved	<u>-</u>	<u>130,506</u>	<u>(9,137)</u>	<u>(5,705)</u>	<u>(49,391)</u>	<u>-</u>	<u>66,273</u>
<b>Total Fund Balances</b>	<u>-</u>	<u>130,506</u>	<u>(9,137)</u>	<u>(5,705)</u>	<u>(49,391)</u>	<u>-</u>	<u>66,273</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ -</u></u>	<u><u>\$ 130,506</u></u>	<u><u>\$ 9,137</u></u>	<u><u>\$ 11,410</u></u>	<u><u>\$ 98,781</u></u>	<u><u>\$ 62,192</u></u>	<u><u>\$ 312,026</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION PROGRAMS**  
**For the Year Ended June 30, 2010**

	Federal Basic	General Revenue	Performance	Public Assistance	Adult State 3-1	Vocational Flow-Through	Total
<b>Revenues:</b>							
Local sources	\$ -	\$ 18,912	\$ -	\$ -	\$ -	\$ -	\$ 18,912
State sources	-	-	27,412	17,114	148,170	62,192	254,888
Federal sources	180,511	-	-	-	-	-	180,511
Total Revenues	<u>180,511</u>	<u>18,912</u>	<u>27,412</u>	<u>17,114</u>	<u>148,170</u>	<u>62,192</u>	<u>454,311</u>
<b>Expenditures:</b>							
Salaries and benefits	150,166	5,081	7,723	15,525	141,344	59,673	379,512
Purchased services	15,215	6,518	10,622	4,331	28,142	2,629	67,457
Supplies and materials	12,777	5,679	10,902	2,963	16,446	-	48,767
Capital outlay	2,383	-	7,313	-	11,635	-	21,331
Total Expenditures	<u>180,541</u>	<u>17,278</u>	<u>36,560</u>	<u>22,819</u>	<u>197,567</u>	<u>62,302</u>	<u>517,067</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(30)</u>	<u>1,634</u>	<u>(9,148)</u>	<u>(5,705)</u>	<u>(49,397)</u>	<u>(110)</u>	<u>(62,756)</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	-	-	-	110	110
Interest	30	1,096	11	-	6	-	1,143
Total Other Financing Sources (Uses)	<u>30</u>	<u>1,096</u>	<u>11</u>	<u>-</u>	<u>6</u>	<u>110</u>	<u>1,253</u>
Net Changes in Fund Balances	-	2,730	(9,137)	(5,705)	(49,391)	-	(61,503)
Fund Balances - Beginning	<u>-</u>	<u>127,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,776</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 130,506</u>	<u>(9,137)</u>	<u>\$ (5,705)</u>	<u>(49,391)</u>	<u>\$ -</u>	<u>\$ 66,273</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION - FEDERAL BASIC**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 180,511	\$ 180,511	\$ 180,511
Total Revenues	<u>180,511</u>	<u>180,511</u>	<u>180,511</u>
Expenditures:			
Salaries and benefits	159,492	159,492	150,166
Purchased services	9,980	9,980	15,215
Supplies and materials	11,039	11,039	12,777
Capital outlay	-	-	2,383
Total Expenditures	<u>180,511</u>	<u>180,511</u>	<u>180,541</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(30)</u>
Other Financing Sources (Uses):			
Interest	-	-	30
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>30</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION - PERFORMANCE**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 36,549	\$ 36,549	\$ 27,412
Total Revenues	<u>36,549</u>	<u>36,549</u>	<u>27,412</u>
Expenditures:			
Salaries and benefits	22,579	22,579	7,723
Purchased services	3,444	3,444	10,622
Supplies and materials	10,526	10,526	10,902
Capital outlay	-	-	7,313
Total Expenditures	<u>36,549</u>	<u>36,549</u>	<u>36,560</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(9,148)</u>
Other Financing Sources (Uses):			
Interest	-	-	11
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>11</u>
Net Change in Fund Balances	-	-	(9,137)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,137)</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION - PUBLIC ASSISTANCE**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 22,819	\$ 22,819	\$ 17,114
Total Revenues	<u>22,819</u>	<u>22,819</u>	<u>17,114</u>
Expenditures:			
Salaries and benefits	21,358	21,358	15,525
Purchased services	1,361	1,361	4,331
Supplies and materials	100	100	2,963
Total Expenditures	<u>22,819</u>	<u>22,819</u>	<u>22,819</u>
Net Change in Fund Balances	-	-	(5,705)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,705)</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**ADULT EDUCATION - STATE 3-1**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 197,561	\$ 197,561	\$ 148,170
Total Revenues	<u>197,561</u>	<u>197,561</u>	<u>148,170</u>
Expenditures:			
Salaries and benefits	166,439	166,439	141,344
Purchased services	27,120	27,120	28,142
Supplies and materials	4,002	4,002	16,446
Capital outlay	-	-	11,635
Total Expenditures	<u>197,561</u>	<u>197,561</u>	<u>197,567</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(49,397)</u>
Other Financing Sources (Uses):			
Interest	-	-	6
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>6</u>
Net Change in Fund Balances	-	-	(49,391)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,391)</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**AREA 6 SOUTH TECH HUB**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 12,515	\$ 12,515	\$ 12,515
Total Revenues	<u>12,515</u>	<u>12,515</u>	<u>12,515</u>
Expenditures:			
Salaries and benefits	12,515	12,515	12,239
Purchased services	-	-	415
Total Expenditures	<u>12,515</u>	<u>12,515</u>	<u>12,654</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(139)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	139
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>139</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**ENGLISH LANGUAGE LEARNING TITLE III**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 2,000	\$ 2,000	\$ 2,000
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Expenditures:			
Supplies and materials	2,000	2,000	2,006
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,006</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(6)</u>
Other Financing Sources (Uses):			
Interest	<u>-</u>	<u>-</u>	<u>6</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>6</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the period September 1, 2009 through August 31, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**GIFTED EDUCATION**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 62,475	\$ 62,475	\$ 27,828
Total Revenues	<u>62,475</u>	<u>62,475</u>	<u>27,828</u>
Expenditures:			
Salaries and benefits	36,030	36,030	19,691
Purchased services	22,490	22,490	4,246
Supplies and materials	3,955	3,955	3,891
Total Expenditures	<u>62,475</u>	<u>62,475</u>	<u>27,828</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**MCKINNEY EDUCATION FOR HOMELESS CHILDREN**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 13,000	\$ 13,000	\$ 13,000
Total Revenues	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>
Expenditures:			
Salaries and benefits	6,439	6,439	6,297
Purchased services	1,780	1,780	1,450
Supplies and materials	4,781	4,781	5,254
Total Expenditures	<u>13,000</u>	<u>13,000</u>	<u>13,001</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(1)</u>
Other Financing Sources (Uses):			
Interest	<u>-</u>	<u>-</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**REGIONAL SAFE SCHOOLS**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 103,055	\$ 103,055	\$ 68,702
Total Revenues	<u>103,055</u>	<u>103,055</u>	<u>68,702</u>
Expenditures:			
Salaries and benefits	84,997	84,997	84,372
Purchased services	5,659	5,659	6,275
Supplies and materials	12,399	12,399	12,408
Total Expenditures	<u>103,055</u>	<u>103,055</u>	<u>103,055</u>
Net Change in Fund Balances	-	-	(34,353)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (34,353)</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**SECRETARY OF STATE ADULT VOLUNTEER LITERACY GRANT**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 45,740	\$ 45,740	\$ 45,740
Total Revenues	<u>45,740</u>	<u>45,740</u>	<u>45,740</u>
Expenditures:			
Salaries and benefits	31,666	28,293	27,202
Purchased services	13,479	13,479	14,572
Supplies and materials	595	3,968	3,966
Total Expenditures	<u>45,740</u>	<u>45,740</u>	<u>45,740</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**SECRETARY OF STATE ADULT VOLUNTEER LITERACY GRANT**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 48,600	\$ 48,600	\$ 6,186
Total Revenues	<u>48,600</u>	<u>48,600</u>	<u>6,186</u>
Expenditures:			
Salaries and benefits	32,850	32,850	6,021
Purchased services	14,079	14,079	215
Supplies and materials	1,671	1,671	(38)
Total Expenditures	<u>48,600</u>	<u>48,600</u>	<u>6,198</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(12)</u>
Other Financing Sources (Uses):			
Interest	-	-	12
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>12</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of September 1, 2008 to August 31, 2009)**  
**EDUCATION FUND ACCOUNTS**  
**SYSTEM OF SUPPORT - OTHER STATE PROGRAMS**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 197,713	\$ 197,713	\$ 89,050
Total Revenues	<u>197,713</u>	<u>197,713</u>	<u>89,050</u>
Expenditures:			
Salaries and benefits	36,672	36,672	-
Purchased services	27,598	27,598	14,164
Supplies and materials	1,283	1,283	1,474
Payments to other governments	132,160	132,160	73,685
Total Expenditures	<u>197,713</u>	<u>197,713</u>	<u>89,323</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(273)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	230
Interest	-	-	43
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>273</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**SYSTEM OF SUPPORT - TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts				Actual Amounts
	Original		Final		
	09/01/08 08/31/09	09/01/09 6/30/10	09/01/08 08/31/09	09/01/09 6/30/10	
<b>Revenues:</b>					
Federal sources	\$ 939,783	\$ 939,783	\$ 939,783	\$ 939,783	\$ 1,104,440
<b>Total Revenues</b>	<u>939,783</u>	<u>939,783</u>	<u>939,783</u>	<u>939,783</u>	<u>1,104,440</u>
<b>Expenditures:</b>					
Salaries and benefits	175,443	169,370	175,443	111,137	165,749
Purchased services	272,555	86,884	272,555	70,384	163,816
Supplies and materials	8,700	8,700	8,700	9,300	13,254
Capital outlay	-	-	-	7,048	-
Payments to other governments	483,085	674,829	483,085	741,914	762,110
<b>Total Expenditures</b>	<u>939,783</u>	<u>939,783</u>	<u>939,783</u>	<u>939,783</u>	<u>1,104,929</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(489)</u>
<b>Other Financing Sources (Uses):</b>					
Interest	-	-	-	-	489
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>489</u>
Net Change in Fund Balances	-	-	-	-	-
<b>Fund Balances - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of September 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**SYSTEM OF SUPPORT - TITLE II - TEACHER QUALITY - LEADERSHIP GRANT**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts				Actual Amounts
	Original		Final		
	09/01/08 08/31/09	09/01/09 06/30/10	09/01/08 08/31/09	09/01/09 06/30/10	
Revenues:					
Federal sources	\$ 146,177	\$ 146,177	\$ 146,177	\$ 146,177	\$ 203,860
Total Revenues	<u>146,177</u>	<u>146,177</u>	<u>146,177</u>	<u>146,177</u>	<u>203,860</u>
Expenditures:					
Purchased services	24,947	4,947	24,947	7,000	20,762
Supplies and materials	1,500	1,500	1,500	1,500	4,380
Payments to Other Governments	119,730	139,730	119,730	137,677	178,891
Total Expenditures	<u>146,177</u>	<u>146,177</u>	<u>146,177</u>	<u>146,177</u>	<u>204,033</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(173)</u>
Other Financing Sources (Uses):					
Interest	-	-	-	-	173
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173</u>
Net Change in Fund Balances	-	-	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of September 1, 2008 to August 31, 2009)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I - MIGRANT EDUCATION (FY2009)**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 38,450	\$ 38,450	\$ 29,589
Total Revenues	<u>38,450</u>	<u>38,450</u>	<u>29,589</u>
Expenditures:			
Salaries and benefits	20,451	20,451	15,434
Purchased services	14,249	14,249	5,560
Supplies and materials	3,750	3,750	8,621
Total Expenditures	<u>38,450</u>	<u>38,450</u>	<u>29,615</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(26)</u>
Other Financing Sources (Uses):			
Interest	<u>-</u>	<u>-</u>	<u>26</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>26</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of September 1, 2009 to August 31, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I - MIGRANT EDUCATION (FY2010)**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 45,719	\$ 45,719	\$ 21,349
Total Revenues	<u>45,719</u>	<u>45,719</u>	<u>21,349</u>
Expenditures:			
Current:			
Salaries and benefits	22,521	22,521	5,451
Purchased services	20,298	20,298	15,423
Supplies and materials	2,900	2,900	189
Other	-	-	286
Total Expenditures	<u>45,719</u>	<u>45,719</u>	<u>21,349</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of September 1, 2009 to August 31, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I - MIGRANT INCENTIVE (FY2010)**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 2,500	\$ 2,500	\$ 1,096
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>1,096</u>
Expenditures:			
Supplies and materials	2,500	2,500	1,096
Total Expenditures	<u>2,500</u>	<u>2,500</u>	<u>1,096</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of March 17, 2010 to August 31, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I - READING FIRST PART B SEA FUNDS**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 10,897	\$ 10,897	\$ 6,704
Total Revenues	<u>10,897</u>	<u>10,897</u>	<u>6,704</u>
Expenditures:			
Salaries and benefits	507	507	-
Purchased services	10,375	10,375	6,704
Supplies and materials	15	15	-
Total Expenditures	<u>10,897</u>	<u>10,897</u>	<u>6,704</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**TRUANTS ALTERNATIVE/OPTIONAL EDUCATION**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 147,188	\$ 147,188	\$ 98,126
Total Revenues	<u>147,188</u>	<u>147,188</u>	<u>98,126</u>
Expenditures:			
Salaries and benefits	99,363	117,129	115,092
Purchased services	11,781	23,043	23,616
Supplies and materials	2,594	7,016	8,480
Payments to other governments	33,450	-	-
Total Expenditures	<u>147,188</u>	<u>147,188</u>	<u>147,188</u>
Net Change in Fund Balances	-	-	(49,062)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,062)</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period July 1, 2009 to June 30, 2010)**  
**EDUCATION FUND ACCOUNTS**  
**WORKFORCE INVESTMENT ACT**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	92,484	92,484	11,482
Total Revenues	<u>92,484</u>	<u>92,484</u>	<u>11,482</u>
Expenditures:			
Salaries and benefits	21,580	21,580	13,300
Purchased services	70,904	70,904	5,060
Total Expenditures	<u>92,484</u>	<u>92,484</u>	<u>18,360</u>
Net Change in Fund Balances	-	-	(6,878)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>(221)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,099)</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2010**

	Institute	Bus Driver Permit	Supervisory	General Education Development	Totals
<b>Assets</b>					
Cash and cash equivalents	\$ 6,057	\$ -	\$ 2	\$ 4,303	\$ 10,362
Total Assets	<u>\$ 6,057</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 4,303</u>	<u>\$ 10,362</u>
<b>Liabilities:</b>					
Due to other funds	\$ 3,309	\$ 2,736	\$ -	\$ -	\$ 6,045
Deferred revenues	-	-	2	-	2
Total liabilities	<u>3,309</u>	<u>2,736</u>	<u>2</u>	<u>-</u>	<u>6,047</u>
<b>Fund Balances:</b>					
Unreserved	<u>2,748</u>	<u>(2,736)</u>	<u>-</u>	<u>4,303</u>	<u>4,315</u>
Total Liabilities and Fund Balances	<u>\$ 6,057</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 4,303</u>	<u>\$ 10,362</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2010**

	Institute	Bus Driver Permit	Supervisory	General Education Development	Totals
<b>Revenue:</b>					
Local sources	\$ 11,156	\$ 1,584	\$ -	\$ 8,272	\$ 21,012
State sources	-	850	5,000	1,410	7,260
Total Revenues	<u>11,156</u>	<u>2,434</u>	<u>5,000</u>	<u>9,682</u>	<u>28,272</u>
<b>Expenditures:</b>					
Salaries and benefits	-	1,899	-	484	2,383
Purchased services	691	1,380	5,000	1,451	8,522
Supplies and materials	4	-	5	4,138	4,147
Total Expenditures	<u>695</u>	<u>3,279</u>	<u>5,005</u>	<u>6,073</u>	<u>15,052</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,461</u>	<u>(845)</u>	<u>(5)</u>	<u>3,609</u>	<u>13,220</u>
<b>Other Financing Sources (Uses):</b>					
Interest	4	-	5	12	21
Total Other Financing Sources (Uses)	<u>4</u>	<u>-</u>	<u>5</u>	<u>12</u>	<u>21</u>
NET CHANGE IN FUND BALANCES	10,465	(845)	-	3,621	13,241
Fund Balance - Beginning	<u>(7,717)</u>	<u>(1,891)</u>	<u>-</u>	<u>682</u>	<u>(8,926)</u>
Fund Balance - Ending	<u>\$ 2,748</u>	<u>\$ (2,736)</u>	<u>\$ -</u>	<u>\$ 4,303</u>	<u>\$ 4,315</u>

**REGIONAL OFFICE OF EDUCATION #2  
ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
For the Year Ended June 30, 2010**

	<u>Balance 6/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/10</u>
<u>Distributive Fund</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 59,827,950	\$ 59,827,950	\$ -
Due from other governments	5,682,180	6,179,843	5,682,180	6,179,843
Total Assets	<u>\$ 5,682,180</u>	<u>\$ 66,007,793</u>	<u>\$ 65,510,130</u>	<u>\$ 6,179,843</u>
Liabilities				
Due to other governments	\$ 5,682,180	\$ 66,007,793	\$ 65,510,130	\$ 6,179,843
Total Liabilities	<u>\$ 5,682,180</u>	<u>\$ 66,007,793</u>	<u>\$ 65,510,130</u>	<u>\$ 6,179,843</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**For the Year Ended June 30, 2010**

DISTRIBUTIONS	Acct. No.	Total	1 Cairo SD #1	2 Egyptian CUSD 5	3 Goreville CUD 1	4 New Simpson Hill CD 32
<b>Local Funds</b>						
Distributive Fund Interest	1510	\$ 4,039	\$	\$	\$	\$
<b>Total Local Funds</b>		<u>4,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>State Funds</b>						
General State Aid - Sec. 18-8	3001	31,219,415	3,396,637	2,579,344	1,492,576	1,052,386
General State Aid - Hold Harmless	3002	201,804				
Transition Assistance	3099	361,379	71,022			
Sp. Ed. - Private Facility Tuition	3100	12,710				
Sp. Ed. - Extraordinary	3105	1,208,061	148,665	70,161	63,015	40,084
Sp. Ed. - Personnel	3110	1,361,663	151,777	138,046	101,668	21,124
Sp. Ed. - Orphanage - Individual	3120	183,156		4,661	26,304	8,296
Bilingual Ed. - Downstate	3305	17,780				
Gifted Education	3350	62,475				
State Free Lunch & Breakfast	3360	92,149	9,781	6,189	4,315	2,922
School Breakfast Incentive	3365	1,729		66	155	9
Driver Education	3370	115,612	4,510	8,518	9,598	
Transportation - Regular	3500	1,983,728	110,570	166,110	251,112	127,382
Transportation - Special Education	3510	772,838	62,035	59,319	49,484	16,643
ROE School Bus Driver Training	3520	850				
Truants Alternative/Operational Ed.	3695	160,133	45,653			
Regional Safe Schools Program	3696	90,460				
Early Childhood - State Preschool At Risk	3705	2,809,649	300,519	326,029	146,372	79,927
K-6 Reading Improvement	3715	120,100		11,605	7,796	5,193
ROE/ESC Operations	3730	79,101				
Supervisory Expense	3745	5,000				
ADA Safety & Education Block Grant	3775	36,716	2,303	2,403	2,428	1,114
Summer Bridges Program	3825	44,000				
Arts and Foreign Language	3962	83,915		25,455		
Class Size Reduction	3981	40,000				
Homeless Children Education State Grant	3984	176,482				
Children's Mental Health Partnership	3990	45,950		35,750		
Education Facilities Grant	3999	112,973				
<b>Total State Funds</b>		<u>41,399,828</u>	<u>4,303,472</u>	<u>3,433,656</u>	<u>2,154,823</u>	<u>1,355,080</u>
<b>Federal Funds</b>						
Forest Reserve	4001	789	9	172	19	112
Title VI - Rural Education Init.	4107	65,372	14,039			
National School Lunch Program	4210	1,784,034	219,456	120,837	82,662	51,815
School Breakfast Program	4220	740,646	122,646	55,060	24,127	16,167
Fresh Fruits and Vegetables	4240	118,622	7,026	10,518		5,857
IASA - Title I - Low Income	4300	3,355,367	789,842	408,956	102,830	33,388
IASA - Title I - School Improvement	4331	1,031,192				
IASA - Even Start	4335	7,290				
Title I - Reading First Part B SEA Funds	4337	4,966				
School Improvement Grant - Section 1003	4339	386,495				
IASA - Drug Free Schools - Formula	4400	46,991	9,053	5,397	1,818	734
Title IV - 21 Century CLC	4421	334,016		70,163		
Fed. - Sp. Ed. - Pre-School Flow Through	4600	57,761				
Fed. - Sp. Ed. - IDEA - Flow Through	4620	569,573				
Fed. - Sp. Ed. - IDEA - Room & Board	4625	230,011	14,794		716	1,641
ARRA - General State Aid	4850	5,221,104	570,945	431,316	249,213	175,885
ARRA - Title I - Low Income	4851	1,392,444	258,224	132,700	33,600	16,109
ARRA - Fed. - Sp. Ed. - Pre-School Flow Through	4856	3,844				
ARRA - Fed. - Sp. Ed. - IDEA - Flow Through	4857	216,900				
ARRA - Technology Enhancing Education - Competitive	4861	156,705				
ARRA - NSLP Equipment Assistance	4863	28,926				
ARRA - General State Aid - Government SFSF	4870	1,737,664	190,070	143,628	82,890	58,579
Title II - Teacher Quality	4932	772,322	141,178	64,896	25,446	16,357
IASA - Title II - Teacher Quality - Leadership	4935	123,628				
Technology Enhancing Education - Formula	4971	32,421	8,419	4,278	1,643	284
Other Federal Programs	4999	5,000				
<b>Total Federal Funds</b>		<u>18,424,083</u>	<u>2,345,701</u>	<u>1,447,921</u>	<u>604,964</u>	<u>376,928</u>
<b>TOTAL DISTRIBUTIONS</b>		<u>\$ 59,827,950</u>	<u>\$ 6,649,173</u>	<u>\$ 4,881,577</u>	<u>\$ 2,759,787</u>	<u>\$ 1,732,008</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**For the Year Ended June 30, 2010**

DISTRIBUTIONS	Acct. No.	5 Buncombe CSD	6 Vienna SD 55	7 Cypress School Dist. #64	8 Janet Ulrich Reg. Supt. of Schools	9 Vienna High School Dist. 13-3
<b>Local Funds</b>						
Distributive Fund Interest	1510	\$	\$	\$	\$	\$
Total Local Funds		-	-	-	-	-
<b>State Funds</b>						
General State Aid - Sec. 18-8	3001	249,098		496,122		1,274,675
General State Aid - Hold Harmless	3002					
Transition Assistance	3099					125,267
Sp. Ed. - Private Facility Tuition	3100					
Sp. Ed. - Extraordinary	3105	7,955		24,950		43,400
Sp. Ed. - Personnel	3110	18,167		20,609		35,666
Sp. Ed. - Orphanage - Individual	3120					
Bilingual Ed. - Downstate	3305					
Gifted Education	3350					
State Free Lunch & Breakfast	3360	1,121		1,829	1,748	3,223
School Breakfast Incentive	3365	153		52	145	114
Driver Education	3370					17,690
Transportation - Regular	3500	28,748		72,021		120,351
Transportation - Special Education	3510	4,559		6,607		5,763
ROE School Bus Driver Training	3520					
Truants Alternative/Operational Ed.	3695					
Regional Safe Schools Program	3696					
Early Childhood - State Preschool At Risk	3705			65,528		
K-6 Reading Improvement	3715	1,793		2,621		
ROE/ESC Operations	3730					
Supervisory Expense	3745					
ADA Safety & Education Block Grant	3775	625		493		1,683
Summer Bridges Program	3825					
Arts and Foreign Language	3962					
Class Size Reduction	3981					
Homeless Children Education State Grant	3984					79,879
Children's Mental Health Partnership	3990					
Education Facilities Grant	3999					
Total State Funds		312,219	-	690,832	1,893	1,707,711
<b>Federal Funds</b>						
Forest Reserve	4001	12	40			
Title VI - Rural Education Init.	4107					
National School Lunch Program	4210	14,498		24,262	15,654	42,535
School Breakfast Program	4220	7,543		12,768	9,462	20,918
Fresh Fruits and Vegetables	4240					
IASA - Title I - Low Income	4300	15,420		45,902		57,233
IASA - Title I - School Improvement	4331					
IASA - Even Start	4335					
Title I - Reading First Part B SEA Funds	4337					
School Improvement Grant - Section 1003	4339					
IASA - Drug Free Schools - Formula	4400	4		391		1,261
Title IV - 21 Century CLC	4421					
Fed. - Sp. Ed. - Pre-School Flow Through	4600					
Fed. - Sp. Ed. - IDEA - Flow Through	4620					
Fed. - Sp. Ed. - IDEA - Room & Board	4625	973		126		
ARRA - General State Aid	4850	41,593		82,827		212,892
ARRA - Title I - Low Income	4851	9,044		5,250		23,937
ARRA - Fed. - Sp. Ed. - Pre-School Flow Through	4856					
ARRA - Fed. - Sp. Ed. - IDEA - Flow Through	4857					
ARRA - Technology Enhancing Education - Competitive	4861					
ARRA - NSLP Equipment Assistance	4863					
ARRA - General State Aid - Government SFSF	4870	13,815		27,567		70,710
Title II - Teacher Quality	4932	6,943		15,392		11,198
IASA - Title II - Teacher Quality - Leadership	4935					
Technology Enhancing Education - Formula	4971			401		541
Other Federal Programs	4999					
Total Federal Funds		109,845	40	214,886	25,116	441,225
<b>TOTAL DISTRIBUTIONS</b>		<b>\$ 422,064</b>	<b>\$ 40</b>	<b>\$ 905,718</b>	<b>\$ 27,009</b>	<b>\$ 2,148,936</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**For the Year Ended June 30, 2010**

DISTRIBUTIONS	Acct. No.	10 Massac UD 1	11 Joppa-Maple Grove UD 38	14 Meridian CUSD #101	16 Lick Creek CCSD #16	17 Cobden SUD 17
<b>Local Funds</b>						
Distributive Fund Interest	1510	\$	\$	\$	\$	\$
Total Local Funds		-	-	-	-	-
<b>State Funds</b>						
General State Aid - Sec. 18-8	3001	7,397,818	200,631	3,263,417	432,611	2,635,019
General State Aid - Hold Harmless	3002					
Transition Assistance	3099			5,176		
Sp. Ed. - Private Facility Tuition	3100	9,070	1,949			1,691
Sp. Ed. - Extraordinary	3105	280,967	32,578	160,455	14,606	72,708
Sp. Ed. - Personnel	3110	274,702	51,980	137,456	7,722	79,371
Sp. Ed. - Orphanage - Individual	3120	45,799		23,229	10,510	17,704
Bilingual Ed. - Downstate	3305					17,780
Gifted Education	3350					
State Free Lunch & Breakfast	3360	19,672	4,139	8,522	1,832	6,763
School Breakfast Incentive	3365	132	57	134	236	280
Driver Education	3370	25,987	3,112	9,009		7,498
Transportation - Regular	3500	367,707	107,455	168,552	30,862	94,428
Transportation - Special Education	3510	253,007	8,874	16,677	22,577	120,424
ROE School Bus Driver Training	3520					
Truants Alternative/Operational Ed.	3695					
Regional Safe Schools Program	3696					
Early Childhood - State Preschool At Risk	3705	451,254	65,738	247,364		
K-6 Reading Improvement	3715	35,785	6,236		2,422	10,200
ROE/ESC Operations	3730					
Supervisory Expense	3745					
ADA Safety & Education Block Grant	3775	9,436	1,212	2,726	555	2,648
Summer Bridges Program	3825			44,000		
Arts and Foreign Language	3962			29,439		
Class Size Reduction	3981			40,000		
Homeless Children Education State Grant	3984			96,603		
Children's Mental Health Partnership	3990		10,200			
Education Facilities Grant	3999					
Total State Funds		9,171,336	494,161	4,252,759	523,933	3,066,514
<b>Federal Funds</b>						
Forest Reserve	4001	26			29	96
Title VI - Rural Education Init.	4107	2,500		18,029		
National School Lunch Program	4210	411,961	64,248	227,599	22,006	123,811
School Breakfast Program	4220	155,552	32,209	94,553	13,507	37,614
Fresh Fruits and Vegetables	4240		14,002	20,153		24,383
IASA - Title I - Low Income	4300	434,296	164,223	433,913	24,946	177,725
IASA - Title I - School Improvement	4331					
IASA - Even Start	4335					
Title I - Reading First Part B SEA Funds	4337					
School Improvement Grant - Section 1003	4339			386,495		
IASA - Drug Free Schools - Formula	4400	6,918	1,960	6,026	402	3,359
Title IV - 21 Century CLC	4421			263,853		
Fed. - Sp. Ed. - Pre-School Flow Through	4600	57,761				
Fed. - Sp. Ed. - IDEA - Flow Through	4620	569,573				
Fed. - Sp. Ed. - IDEA - Room & Board	4625	120,078	87,077			941
ARRA - General State Aid	4850	1,236,155	33,835	546,319	72,270	439,949
ARRA - Title I - Low Income	4851	187,408	114,824	214,000	7,116	74,027
ARRA - Fed. - Sp. Ed. - Pre-School Flow Through	4856	3,844				
ARRA - Fed. - Sp. Ed. - IDEA - Flow Through	4857	216,900				
ARRA - Technology Enhancing Education - Competitive	4861					
ARRA - NSLP Equipment Assistance	4863					
ARRA - General State Aid - Government SFSF	4870	411,237	11,260	182,000	24,077	146,583
Title II - Teacher Quality	4932	143,948	35,126	112,681	10,347	21,645
IASA - Title II - Teacher Quality - Leadership	4935					
Technology Enhancing Education - Formula	4971		1,630	5,977	371	1,084
Other Federal Programs	4999					
Total Federal Funds		3,958,157	560,394	2,511,598	175,071	1,051,217
<b>TOTAL DISTRIBUTIONS</b>		<b>\$ 13,129,493</b>	<b>\$ 1,054,555</b>	<b>\$ 6,764,357</b>	<b>\$ 699,004</b>	<b>\$ 4,117,731</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**For the Year Ended June 30, 2010**

DISTRIBUTIONS	Acct. No.	18 Anna School Dist #37	19 Jonesboro CCSD #43	21 Anna-Jonesboro CHSD #81	22 Shawnee CUSD 84	23 Transportation Fund
<b>Local Funds</b>						
Distributive Fund Interest	1510	\$	\$	\$	\$	\$
Total Local Funds		-	-	-	-	-
<b>State Funds</b>						
General State Aid - Sec. 18-8	3001	2,367,226	1,556,528	1,799,508	684,078	
General State Aid - Hold Harmless	3002				201,804	
Transition Assistance	3099		31,862		128,052	
Sp. Ed. - Private Facility Tuition	3100					
Sp. Ed. - Extraordinary	3105	79,962	44,863	64,847	58,845	
Sp. Ed. - Personnel	3110	127,527	57,544	40,836	97,468	
Sp. Ed. - Orphanage - Individual	3120	46,653				
Bilingual Ed. - Downstate	3305					
Gifted Education	3350					
State Free Lunch & Breakfast	3360	5,796	5,068	2,386	6,843	
School Breakfast Incentive	3365	192			4	
Driver Education	3370				7,178	
Transportation - Regular	3500	26,745	49,458	104,999	157,228	
Transportation - Special Education	3510	48,357	35,197	18,363	44,952	
ROE School Bus Driver Training	3520					850
Truants Alternative/Operational Ed.	3695					
Regional Safe Schools Program	3696					
Early Childhood - State Preschool At Risk	3705		1,126,918			
K-6 Reading Improvement	3715	17,528	9,310		9,611	
ROE/ESC Operations	3730					
Supervisory Expense	3745					
ADA Safety & Education Block Grant	3775	2,976	1,698	2,370	2,046	
Summer Bridges Program	3825					
Arts and Foreign Language	3962	29,021				
Class Size Reduction	3981					
Homeless Children Education State Grant	3984					
Children's Mental Health Partnership	3990					
Education Facilities Grant	3999					
Total State Funds		2,751,983	2,918,446	2,055,821	1,398,109	850
<b>Federal Funds</b>						
Forest Reserve	4001		50		224	
Title VI - Rural Education Init.	4107	16,769		14,035		
National School Lunch Program	4210	128,476	82,096	38,821	113,297	
School Breakfast Program	4220	49,420	30,220	9,149	49,731	
Fresh Fruits and Vegetables	4240	11,278	20,772		4,633	
IASA - Title I - Low Income	4300	239,076	107,293	112,380	207,944	
IASA - Title I - School Improvement	4331					
IASA - Even Start	4335					
Title I - Reading First Part B SEA Funds	4337					
School Improvement Grant - Section 1003	4339					
IASA - Drug Free Schools - Formula	4400	3,033	1,324	2,500	2,811	
Title IV - 21 Century CLC	4421					
Fed. - Sp. Ed. - Pre-School Flow Through	4600					
Fed. - Sp. Ed. - IDEA - Flow Through	4620					
Fed. - Sp. Ed. - IDEA - Room & Board	4625		2,055	1,610		
ARRA - General State Aid	4850	395,428	259,964	300,557	114,999	
ARRA - Title I - Low Income	4851	70,000	58,974	62,274	124,957	
ARRA - Fed. - Sp. Ed. - Pre-School Flow Through	4856					
ARRA - Fed. - Sp. Ed. - IDEA - Flow Through	4857					
ARRA - Technology Enhancing Education - Competitive	4861	156,705				
ARRA - NSLP Equipment Assistance	4863				28,926	
ARRA - General State Aid - Government SFSF	4870	131,699	86,610	100,036	37,917	
Title II - Teacher Quality	4932	60,570	33,733	33,008	39,854	
IASA - Title II - Teacher Quality - Leadership	4935					
Technology Enhancing Education - Formula	4971	2,159	993	909	3,732	
Other Federal Programs	4999					
Total Federal Funds		1,264,613	684,084	675,279	729,025	-
<b>TOTAL DISTRIBUTIONS</b>		<b>\$ 4,016,596</b>	<b>\$ 3,602,530</b>	<b>\$ 2,731,100</b>	<b>\$ 2,127,134</b>	<b>\$ 850</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**For the Year Ended June 30, 2010**

DISTRIBUTIONS	Acct. No.	26 Lincoln-Academic Awards	27 Camp Ondessonk	30 ROE/ISC Operations	32 Even Start	34 Five County Vocational System
<b>Local Funds</b>						
Distributive Fund Interest	1510	\$	\$	\$	\$	\$
Total Local Funds		-	-	-	-	-
<b>State Funds</b>						
General State Aid - Sec. 18-8	3001					
General State Aid - Hold Harmless	3002					
Transition Assistance	3099					
Sp. Ed. - Private Facility Tuition	3100					
Sp. Ed. - Extraordinary	3105					
Sp. Ed. - Personnel	3110					
Sp. Ed. - Orphanage - Individual	3120					
Bilingual Ed. - Downstate	3305					
Gifted Education	3350		62,475			
State Free Lunch & Breakfast	3360					
School Breakfast Incentive	3365					
Driver Education	3370					
Transportation - Regular	3500					
Transportation - Special Education	3510					
ROE School Bus Driver Training	3520					
Truants Alternative/Operational Ed.	3695					
Regional Safe Schools Program	3696					
Early Childhood - State Preschool At Risk	3705					
K-6 Reading Improvement	3715					
ROE/ESC Operations	3730			79,101		
Supervisory Expense	3745					
ADA Safety & Education Block Grant	3775					
Summer Bridges Program	3825					
Arts and Foreign Language	3962					
Class Size Reduction	3981					
Homeless Children Education State Grant	3984					
Children's Mental Health Partnership	3990					
Education Facilities Grant	3999					112,973
Total State Funds		-	62,475	79,101	-	112,973
<b>Federal Funds</b>						
Forest Reserve	4001					
Title VI - Rural Education Init.	4107					
National School Lunch Program	4210					
School Breakfast Program	4220					
Fresh Fruits and Vegetables	4240					
IASA - Title I - Low Income	4300					
IASA - Title I - School Improvement	4331					
IASA - Even Start	4335					
Title I - Reading First Part B SEA Funds	4337				7,290	
School Improvement Grant - Section 1003	4339					
IASA - Drug Free Schools - Formula	4400					
Title IV - 21 Century CLC	4421					
Fed. - Sp. Ed. - Pre-School Flow Through	4600					
Fed. - Sp. Ed. - IDEA - Flow Through	4620					
Fed. - Sp. Ed. - IDEA - Room & Board	4625					
ARRA - General State Aid	4850					
ARRA - Title I - Low Income	4851					
ARRA - Fed. - Sp. Ed. - Pre-School Flow Through	4856					
ARRA - Fed. - Sp. Ed. - IDEA - Flow Through	4857					
ARRA - Technology Enhancing Education - Competitive	4861					
ARRA - NSLP Equipment Assistance	4863					
ARRA - General State Aid - Government SFSP	4870					
Title II - Teacher Quality	4932					
IASA - Title II - Teacher Quality - Leadership	4935					
Technology Enhancing Education - Formula	4971					123,628
Other Federal Programs	4999	5,000				
Total Federal Funds		5,000	-	-	7,290	1,154,820
<b>TOTAL DISTRIBUTIONS</b>		<b>\$ 5,000</b>	<b>\$ 62,475</b>	<b>\$ 79,101</b>	<b>\$ 7,290</b>	<b>\$ 1,267,793</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**For the Year Ended June 30, 2010**

DISTRIBUTIONS	Acct. No.	36 Supervisory	38 Truant/Alternative Education	39 City National Bank	44 Regional Safe Schools	49 General State Aid	53 Reading First
<b>Local Funds</b>							
Distributive Fund Interest	1510	\$	\$	\$ 4,039	\$	\$	\$
Total Local Funds		-	-	4,039	-	-	-
<b>State Funds</b>							
General State Aid - Sec. 18-8	3001					341,741	
General State Aid - Hold Harmless	3002						
Transition Assistance	3099						
Sp. Ed. - Private Facility Tuition	3100						
Sp. Ed. - Extraordinary	3105						
Sp. Ed. - Personnel	3110						
Sp. Ed. - Orphanage - Individual	3120						
Bilingual Ed. - Downstate	3305						
Gifted Education	3350						
State Free Lunch & Breakfast	3360						
School Breakfast Incentive	3365						
Driver Education	3370						
Transportation - Regular	3500						
Transportation - Special Education	3510						
ROE School Bus Driver Training	3520						
Truants Alternative/Operational Ed.	3695		114,480				
Regional Safe Schools Program	3696				90,460		
Early Childhood - State Preschool At Risk	3705						
K-6 Reading Improvement	3715						
ROE/ESC Operations	3730						
Supervisory Expense	3745	5,000					
ADA Safety & Education Block Grant	3775						
Summer Bridges Program	3825						
Arts and Foreign Language	3962						
Class Size Reduction	3981						
Homeless Children Education State Grant	3984						
Children's Mental Health Partnership	3990						
Education Facilities Grant	3999						
Total State Funds		5,000	114,480	-	90,460	341,741	-
<b>Federal Funds</b>							
Forest Reserve	4001						
Title VI - Rural Education Init.	4107						
National School Lunch Program	4210						
School Breakfast Program	4220						
Fresh Fruits and Vegetables	4240						
IASA - Title I - Low Income	4300						
IASA - Title I - School Improvement	4331						
IASA - Even Start	4335						
Title I - Reading First Part B SEA Funds	4337						4,966
School Improvement Grant - Section 1003	4339						
IASA - Drug Free Schools - Formula	4400						
Title IV - 21 Century CLC	4421						
Fed. - Sp. Ed. - Pre-School Flow Through	4600						
Fed. - Sp. Ed. - IDEA - Flow Through	4620						
Fed. - Sp. Ed. - IDEA - Room & Board	4625						
ARRA - General State Aid	4850					56,957	
ARRA - Title I - Low Income	4851						
ARRA - Fed. - Sp. Ed. - Pre-School Flow Through	4856						
ARRA - Fed. - Sp. Ed. - IDEA - Flow Through	4857						
ARRA - Technology Enhancing Education - Competitive	4861						
ARRA - NSLP Equipment Assistance	4863						
ARRA - General State Aid - Government SFSF	4870					18,986	
Title II - Teacher Quality	4932						
IASA - Title II - Teacher Quality - Leadership	4935						
Technology Enhancing Education - Formula	4971						
Other Federal Programs	4999						
Total Federal Funds		-	-	-	-	75,943	4,966
<b>TOTAL DISTRIBUTIONS</b>		<b>\$ 5,000</b>	<b>\$ 114,480</b>	<b>\$ 4,039</b>	<b>\$ 90,460</b>	<b>\$ 417,684</b>	<b>\$ 4,966</b>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2010**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/09 - 6/30/10
<b>U. S. Department of Education</b>			
<b>passed through Illinois Community College Board</b>			
Adult Education - Basic Grants to States			
Adult Education - Federal Basic	84.002A	531AA	\$ 180,511
<b>U. S. Department of Education</b>			
<b>passed through Illinois State Board of Education</b>			
Title I Grants to Local Educational Agencies			
System of Support Title I - School Improvement & Accountability	84.010A	10-4331-SS	833,983 (M)
System of Support Title I - School Improvement & Accountability	84.010A	09-4331-SS	270,457 (M)
Total Title I Grants to Local Educational Agencies			<u>1,104,440</u>
Migrant Education - State Grant Programs			
Title I - Migrant Education	84.011A	09-4340-01	29,589
Title I - Migrant Education	84.011A	10-4340-01	21,349
Total Migrant Education - State Grant Programs			<u>50,938</u>
Migrant Education - Coordination Program			
Title I - Migrant Incentive Grant	84.144F	10-4341-00	<u>1,096</u>
State Fiscal Stabilization (SFSF) Cluster			
State Fiscal Stabilization Fund (SFSF) - Education States Grants, Recovery Act (Education Stabilization Fund)			
ARRA General State Aid - Education SFSF	84.394A	10-4850-92	41,779
ARRA General State Aid - Education SFSF	84.394A	10-4850-93	15,178
ARRA General State Aid - Education SFSF	84.394A	09-4850-92	64,286
ARRA General State Aid - Education SFSF	84.394A	09-4850-93	23,645
			<u>144,888</u>
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act (Education Stabilization Fund)			
ARRA General State Aid - Government SFSF	84.397A	10-4870-92	13,926
ARRA General State Aid - Government SFSF	84.397A	10-4870-93	5,060
			<u>18,986</u>
State Fiscal Stabilization (SFSF) Cluster			
			<u>163,874</u>
Reading First State Grants			
Title I - Reading First Part B SEA Funds	84.357A	10-4337-00	<u>6,704</u>
Improving Teacher Quality State Grants			
System of Support Title II - Teacher Quality - Leadership Grant	84.367A	10-4935-SS	128,946
System of Support Title II - Teacher Quality - Leadership Grant	84.367A	09-4935-SS	74,914
			<u>203,860</u>
English Language Acquisition Grants			
Other Federal Programs - English Language Learning Title III	84.365	10-4999-PD	<u>2,000</u>
<b>Total U. S. Department of Education</b>			
<b>passed through Illinois State Board of Education</b>			
			<u>1,532,912</u>

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)**  
**For the Year Ended June 30, 2010**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/09 - 6/30/10
<b>U. S. Department of Education</b>			
<b>passed through Regional Office of Education #21</b>			
Education for Homeless Children and Youth Cluster			
Education for Homeless Children and Youth, Recovery Act ARRA McKinney Education for Homeless Children	84.387A	10-4862-00	5,202
Education for Homeless Children and Youth McKinney Education for Homeless Children	84.196A	10-4920-00	<u>13,000</u>
Education for Homeless Children and Youth Cluster			<u>18,202</u>
<b>Total U. S. Department of Education</b> <b>passed through Regional Office of Education #21</b>			<u>18,202</u>
<b>TOTAL US DEPARTMENT OF EDUCATION</b>			<u>1,731,625</u>
<b>U. S. Department of Agriculture</b>			
<b>passed through Illinois State Board of Education</b>			
School Nutrition Cluster			
School Breakfast Program			
School Breakfast Program	10.553	10-4220-00	7,833
School Breakfast Program	10.553	09-4220-00	<u>1,629</u>
			<u>9,462</u>
National School Lunch Program			
National School Lunch Program	10.555	10-4210-00	12,858
National School Lunch Program	10.555	09-4210-00	<u>2,796</u>
			<u>15,654</u>
School Nutrition Cluster			<u>25,116</u>
<b>Total U. S. Department of Agriculture</b> <b>passed through Illinois State Board of Education</b>			<u>25,116</u>
<b>U. S. Department of Labor</b>			
<b>passed through Shawnee Development Council</b>			
Workforce Investment Act Youth Activities			
Workforce Investment Act	17.259	2009	29
Workforce Investment Act	17.259	2010	<u>18,331</u>
Total Workforce Investment Act Youth Activities			<u>18,360</u>
<b>U. S. Department of Labor</b> <b>passed through Shawnee Development Council</b>			<u>18,360</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,775,101</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**REGIONAL OFFICE OF EDUCATION #2**  
**ALEXANDER, JOHNSON, MASSAC, PULASKI, AND UNION COUNTIES**  
**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 Regional Office of Education #2 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**

Of the federal expenditures presented in the schedule, Regional Office of Education #2 provided federal awards to subrecipients as follows:

Program Title: System of Support Title I – School Improvement & Accountability  
Federal CFDA #: 84.010A  
Amount provided to subrecipients: \$762,110

Program Title: System of Support Title II – Teacher Quality Leadership Grant  
Federal CFDA #: 84.367A  
Amount provided to subrecipients: \$178,891

**NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAM**

*System of Support Title I – School Improvement and Accountability*

This program supports the improvement of basic programs operated by the Regional Office of Education #2 by providing professional development for data analysis, school improvement plan and development, Standards-Aligned curriculum and instruction, and classroom assessment to System of Support Status schools on the Academic Early Warning and Watch lists.

**NOTE 4: NON-CASH ASSISTANCE**

None

**NOTE 5: AMOUNT OF INSURANCE**

None

**NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING**

None