

State of Illinois
BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
FINANCIAL AUDIT
(In Accordance with the Single Audit Act and
OMB Circular A-133)
For the Year Ended June 30, 2008

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
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 JUNE 30, 2008

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REGIONAL OFFICE OF EDUCATION #3

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Mr. Mark A. Drone

Assistant Regional Superintendent
(Current and during the audit period)

Ms. Julie R. Wollerman

Offices are located at:

Vandalia Office
300 South Seventh
Vandalia, IL 62471

Effingham Office
Effingham County Building
101 N. 4th, Room 204
Effingham, IL 62401

Greenville Office
Bond County Courthouse
200 W. College
Greenville, IL 62246

REGIONAL OFFICE OF EDUCATION #3

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 | 3 | 4 |
| Repeated audit findings | 3 | 1 |
| Prior recommendations implemented or not repeated | 1 | 1 |

An additional 2 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) | | | |
| 08-1 | 12a | Controls over Financial Statement Preparation | Material Weakness |
| 08-2 | 12c | Internal Control over Disbursements and Receipts | Significant Deficiency |
| 08-3 | 12e | Capitalization Policy | Significant Deficiency |

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

NONE

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

| <u>Item No.</u> | <u>Page</u> | <u>Description</u> |
|-----------------|-------------|---|
| 07-3 | 15 | Inadequate Accounting Software and Internal Controls |

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

NONE

INFORMAL EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 29, 2008. Attending were Mark Drone, Regional Superintendent, and Timothy G. Bryan, Partner, Kemper CPA Group LLP. Responses to the recommendations were provided by Mark Drone, Regional Superintendent.

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Bond, Fayette, Effingham Counties Regional Office of Education #3 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #3'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 Bond, Fayette, Effingham Counties Regional Office of Education #3, as of and for the year ended June 30, 2008, which collectively comprise the Regional Office of Education #3's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #3's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #3, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2009, on our consideration of the Regional Office of Education #3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a through 16j and page 45 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 #3's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
March 31, 2009

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 #3, as of and for the year ended June 30, 2008, which collectively comprise the Regional Office of Education #3's basic financial statements and have issued our report thereon dated March 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Regional Office of Education #3's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional Office of Education #3's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Regional Office of Education #3's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Regional Office of Education #3's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Regional Office of Education #3's financial statements that is more than inconsequential will not be prevented or detected by the Regional Office of Education #3's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting, 08-1 08-2, and 08-3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Regional Office of Education #3's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 08-1 to be a material weakness.

Compliance and Other Matters

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

We also noted certain matters which we have reported to management of the Regional Office of Education #3 in a separate letter dated March 31, 2009.

Regional Office of Education #3's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Regional Office of Education #3'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 organization, Illinois State Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
March 31, 2009

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE FOR EACH PROGRAM
DETERMINED TO BE MAJOR BY THE ILLINOIS STATE BOARD OF EDUCATION IN THEIR
MONITORING OF FEDERAL PROGRAMS

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Regional Office of Education #3 with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Regional Office of Education #3's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #3's management. Our responsibility is to express an opinion on the Regional Office of Education #3's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 criteria as required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria 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 #3's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Regional Office of Education #3's compliance with those requirements.

In our opinion, the Regional Office of Education #3 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Regional Office of Education #3's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Regional Office of Education #3's internal control.

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

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

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
March 31, 2009

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2008

SECTION I – 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(s) identified that are not considered to be material weakness(es)? | Yes |
| ● Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|---|-------------|
| Internal control over major programs: | |
| ● Material weakness(es) identified? | No |
| ● Significant deficiency(s) identified that are not considered to be material weakness(es)? | No |
| Type of auditor’s report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? | No |

Identification of **major** programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|----------------|--|
| 84.196A | McKinney Education for Homeless Children |
| 84.002A | Adult Education and Family Literacy |
| 10.555 | National School Lunch Program |

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

Auditee qualified as a low-risk auditee? No

BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 08-1 –Controls Over Financial Statement Preparation (Repeat of No. 07-1)

Criteria/specific requirement:

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

Condition:

The Regional Office of Education #3 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While 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 revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, there were no entries made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenues. The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

Effect:

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

Cause:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

**Finding No. 08-1 –Controls Over Financial Statement Preparation
(Repeat of No. 07-1) (Concluded)**

Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #3 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

Management's Response:

Management agrees with the finding.

BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

**Finding No. 08-2 – Internal Control over Disbursements and Receipts
(Repeat of No. 07-2)**

Criteria/specific requirement:

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

Condition:

- 1) During our testing of disbursements we noted the following exceptions in the Regional Office's internal controls:
 - a. In our testing of 40 general disbursements:
 - i. One instance where costs were not appropriately allocated among programs for a purchase in the amount of \$507.78.
 - ii. Four instances of misclassification of costs to incorrect expense accounts in amounts totaling \$652.07.
 - iii. One instance where grant funds were used to purchase an unallowable cost in the amount of \$20.
- 2) During our review of internal controls over receipts we noted a lack of segregation of duties. Currently, the same individual is able to receive checks and cash, post the receipts to the general ledger, draft the deposit slip, take the deposit to the bank and prepare the bank reconciliation.

Effect:

Lack of proper review of the various accounting processes, documentation to support each disbursement, and appropriate segregation of duties could result in unintentional or intentional errors or misappropriations of assets, in which the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

Cause:

- 1) The Regional Office is not following their established internal control procedures over disbursements.
- 2) The Regional Office has not developed proper internal control procedures over their receipts process.

BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

**Finding No. 08-2 – Internal Control over Disbursements and Receipts
(Repeat of No. 07-2) (Concluded)**

Auditors' Recommendation:

- 1) The Regional Office should ensure that their established internal control procedures are being followed for each disbursement.
- 2) The Regional Office should establish proper segregation of duties to ensure that no one individual has access to all steps of an accounting process.

Management's Response:

Management agrees with the finding.

BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 08-3 – Capitalization Policy (Repeat of 07-4)

Criteria/specific requirement:

The Regional Office of Education #3's capitalization policy is to capitalize all capital asset purchases that exceed \$500.

Condition:

The Regional Office of Education #3 expensed as purchased services or supplies several items totaling \$5,087 that should have been included in the capital outlay account. This resulted in these items not being added to the capital asset listing.

Effect:

The capital asset listing of the Regional Office of Education #3 was incomplete.

Cause:

The Regional Office of Education #3 is not following their internal control procedures for capitalizing assets over \$500.

Auditors' Recommendation:

The Regional Office of Education #3 should review account coding of the capital asset purchases with the original supporting documentation to ensure that the Regional Office of Education #3's capitalization policy is being followed.

Management's Response:

Management agrees with the finding.

BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

NONE

BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2008

Corrective Action Plan

Finding No. 08-1 –Controls Over Financial Statement Preparation (Repeat of No. 07-1)

Condition:

The Regional Office of Education #3 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation 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 revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, there were no entries made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenues. The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

Plan:

The Regional Office of Education #3 will investigate the possibility of implementing procedures to prepare financial statements and disclosures internally.

Anticipated Date of Completion:

Immediately upon learning of the oversight.

Name of Contact Person:

Honorable Mr. Mark A. Drone, Regional Superintendent of Schools

BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2008

Corrective Action Plan (Continued)

**Finding No. 08-2 – Internal Control over Disbursements and Receipts
(Repeat of No. 07-2)**

Condition:

- 1) During our testing of disbursements we noted the following exceptions in the Regional Office's internal controls:
 - a. In our testing of 40 general disbursements:
 - i. One instance where costs were not appropriately allocated among programs for a purchase in the amount of \$507.78.
 - ii. Four instances of misclassification of costs to incorrect expense accounts in amounts totaling \$652.07.
 - iii. One instance where grant funds were used to purchase an unallowable cost in the amount of \$20.
- 2) During our review of internal controls over receipts we noted a lack of segregation of duties. Currently, the same individual is able to receive checks and cash, post the receipts to the general ledger, draft the deposit slip, take the deposit to the bank and prepare the bank reconciliation.

Plan:

- 1) The Regional Office will implement procedures to ensure that their established internal control procedures are being followed for each disbursement.
- 2) The Regional Office will establish proper segregation of duties to ensure that no one individual has access to all steps of an accounting process.

Anticipated Date of Completion:

Immediately upon learning of the oversight.

Name of Contact Person:

Honorable Mr. Mark A. Drone, Regional Superintendent of Schools

BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2008

Corrective Action Plan (Continued)

Finding No. 08-3 – Capitalization Policy (Repeat of 07-4)

Condition:

The Regional Office of Education #3 expensed as purchased services or supplies several items totaling \$5,087 that should have been included in the capital outlay account. This resulted in these items not being added to the capital asset listing.

Plan:

The Regional Office of Education #3 will review account coding of the capital asset purchases with the original supporting documentation to ensure that the Regional Office of Education #3's capitalization policy is being followed.

Anticipated Date of Completion:

Immediately upon learning of the oversight.

Name of Contact Person:

Honorable Mr. Mark A. Drone, Regional Superintendent of Schools

BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008

| <u>Finding No.</u> | <u>Condition</u> | <u>Current Status</u> |
|---------------------------|---|------------------------------|
| 07-1 | Controls Over Financial Statement Preparation | Repeat 08-1 |
| 07-2 | Internal Control over Disbursements and Purchases | Repeat 08-2 |
| 07-3 | Inadequate Accounting Software and Internal Controls | Resolved |
| 07-4 | Capitalization Policy | Repeat 08-3 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

The following is a discussion and analysis of the financial performance of the Regional Office of Education for Bond, Fayette, and Effingham Counties for the fiscal year ended June 30, 2008. This section is a summary of the financial activities of the Regional Office of Education #3 based on currently known facts, decisions, or conditions. It is also based on both the government-wide and governmental fund financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the financial statements for the Regional Office of Education for Bond, Fayette, and Effingham Counties, which immediately follow this section.

Overview of the Financial Statements

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

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

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

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

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

Overview of the Financial Statements (Continued)

Figure A-1

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

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

Overview of the Financial Statements (Continued)

Government-Wide Statements

The government-wide statements report information about the Regional Office of Education #3 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Regional Office of Education #3's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Regional Office of Education #3's net assets and how they have changed. Net assets, the difference between the Regional Office of Education #3's assets and liabilities, is one way to measure the Regional Office of Education #3's financial health or position.

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

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

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

Fund Financial Statements

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

BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Overview of the Financial Statements (Continued)

Fund Financial Statements (Concluded)

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

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

Government-wide Financial Analysis

Statement of Net Assets

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

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

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

Government-wide Financial Analysis (Continued)

Statement of Net Assets (Continued)

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

| | <u>2008</u> | <u>2007</u> | Increase / (Decrease) |
|--|-------------------|-------------------|--------------------------|
| Current Assets | \$ 649,968 | \$ 531,404 | 118,564 |
| Capital assets, being depreciated, net | <u>58,163</u> | <u>56,980</u> | 1,183 |
| Total Assets | <u>708,131</u> | <u>588,384</u> | 119,747 |
| Current Liabilities | <u>150,501</u> | <u>87,582</u> | 62,919 |
| Net Assets: | | | |
| Invested in capital assets | 58,163 | 56,980 | 1,183 |
| Restricted for Teacher Prof. Dev. | 28,631 | 51,936 | (23,305) |
| Unrestricted | <u>470,836</u> | <u>391,886</u> | 78,950 |
| Total Net Assets | <u>\$ 557,630</u> | <u>\$ 500,802</u> | 56,828 |

The Regional Office of Education #3's governmental assets exceeded governmental liabilities (net assets) by \$557,630 at the close of the fiscal year and remained relatively consistent from fiscal year 2007 to 2008. Cash and cash equivalents made up the majority of assets. The Regional Office of Education #3 uses its governmental net assets to perform general operations, provide professional services to school districts in the Bond, Fayette, and Effingham Counties Educational Service Region and surrounding areas, and to operate Alternative Education Programs within the region.

BUSINESS-TYPE ACTIVITIES

| | <u>2008</u> | <u>2007</u> | Increase / (Decrease) |
|--|-------------------|-------------------|--------------------------|
| Current Assets | \$ 157,558 | \$ 144,766 | 12,792 |
| Capital assets, being depreciated, net | <u>14,792</u> | <u>9,482</u> | 5,310 |
| Total Assets | <u>172,350</u> | <u>154,248</u> | 18,102 |
| Net Assets: | | | |
| Invested in capital assets | 14,792 | 9,482 | 5,310 |
| Unrestricted | <u>157,558</u> | <u>144,766</u> | 12,792 |
| Total Net Assets | <u>\$ 172,350</u> | <u>\$ 154,248</u> | 18,102 |

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

Government-wide Financial Analysis (Continued)

Statement of Net Assets (Concluded)

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

General Overview and Analysis of Significant Individual Governmental Funds

NON-MAJOR SPECIAL REVENUE FUNDS

- The Institute Fund is administered by the Regional Office of Education #3 and had a fund balance of \$28,631 which represents a \$23,305 decrease below the previous year.
- The General Education Development Fund is administered by the Regional Office of Education #3 and had a fund balance of \$15,990, which represents a \$2,710 increase over the previous year.
- The ROE School Bus Driver Training Fund is administered by the Regional Office of Education #3 and had a fund balance of \$3,884, which represents a \$424 increase over the previous year.
- The Supervisory Fund is administered by the Regional Office of Education #3 and had a fund balance of \$803, which represents a \$779 decrease below the previous year.

EDUCATION FUND

- The Technology Fund is administered by the Educational Services Division of the Regional Office of Education #3 and had a fund balance of \$84,111, which represents a \$3,352 decrease from the previous year.
- The Alternative Education State Aid Fund is administered by the Alternative Education Programs of the Regional Office of Education #3 and had a fund balance of \$0, which represents an \$87,948 decrease over the previous year.
- The Truants Alternative/Optional Education Fund is administered by the Alternative Education Programs of the Regional Office of Education #3 and had a fund balance of \$223,508, which represents a \$154,586 increase over the previous year.
- The Regional Safe Schools Fund is administered by the Alternative Education Programs of the Regional Office of Education #3 and had a fund balance of \$0, which represents a \$32,734 decrease over the previous year.
- The Local Area Network Fund is administered by the Alternative Education Programs of the Regional Office of Education #3 and had a fund balance of \$0, which represents a \$27,591 decrease over the previous year.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

Government-wide Financial Analysis (Continued)

Statement of Activities

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

STATEMENT OF ACTIVITIES

GOVERNMENTAL ACTIVITIES

| | <u>2008</u> | <u>2007</u> | <u>Increase / (Decrease)</u> |
|------------------------------------|-------------------|-------------------|----------------------------------|
| Revenues: | | | |
| Program Revenues: | | | |
| Operating grants and contributions | \$ 906,897 | \$ 933,479 | (26,582) |
| General Revenues: | | | |
| Local sources | 596,832 | 565,459 | 31,373 |
| State sources | 439,013 | 341,721 | 97,292 |
| On-behalf payments - State | 289,553 | 234,823 | 54,730 |
| Investment earnings | 1,591 | 3,841 | (2,250) |
| Total Revenues | <u>2,233,886</u> | <u>2,079,323</u> | 154,563 |
| Expenses: | | | |
| Instructional Services | | | |
| Salaries and benefits | 1,133,515 | 1,001,938 | 131,577 |
| Purchased services | 533,169 | 535,965 | (2,796) |
| Supplies and materials | 53,813 | 68,957 | (15,144) |
| Payments to other Governments | 145,110 | 161,000 | (15,890) |
| Other objects | 1,070 | 702 | 368 |
| Depreciation | 20,828 | 16,067 | 4,761 |
| Administrative Expense: | | | |
| On-Behalf payments - State | 289,553 | 234,823 | 54,730 |
| Total Expenses | <u>2,177,058</u> | <u>2,019,452</u> | 157,606 |
| Change in Net Assets | 56,828 | 59,871 | (3,043) |
| Net Assets - Beginning | <u>500,802</u> | <u>440,931</u> | 59,871 |
| Net Assets - Ending | <u>\$ 557,630</u> | <u>\$ 500,802</u> | 56,828 |

Revenues from governmental activities were \$2,233,886 and expenses were \$2,177,058. The Regional Office of Education #3 received more local and State revenue in FY08 which increased general revenues. The increase in salaries and benefits expense was due to the Regional Office of Education #3's increasing need to provide Alternative Education Program services and other services provided have required an increase in personnel over the last year.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

Government-wide Financial Analysis (Concluded)

Statement of Activities (Concluded)

STATEMENT OF ACTIVITIES

BUSINESS-TYPE ACTIVITIES

| | 2008 | 2007 | Increase / (Decrease) |
|------------------------|------------|------------|--------------------------|
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for Services | \$ 60,657 | \$ 44,340 | 16,317 |
| General Revenues | | | |
| Investment earnings | 1,074 | - | 1,074 |
| Total Revenues | 61,731 | 44,340 | 17,391 |
| Expenses: | | | |
| Salaries and benefits | 11,256 | 22,700 | (11,444) |
| Purchased services | 26,511 | 13,975 | 12,536 |
| Supplies and materials | 3,105 | 4,101 | (996) |
| Other objects | 645 | 1,318 | (673) |
| Depreciation | 2,112 | 1,632 | 480 |
| Total Expenses | 43,629 | 43,726 | (97) |
| Change in Net Assets | 18,102 | 614 | 17,488 |
| Net Assets - Beginning | 154,248 | 153,634 | 614 |
| Net Assets - Ending | \$ 172,350 | \$ 154,248 | 18,102 |

Revenues from business-type activities were \$61,731 and expenses were \$43,629. The Regional Office of Education #3's business-type activities include workshops that involve charges for services. Expenses include salaries and purchases of goods and supplies to support these activities.

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

The Regional Office of Education #3 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #3's governmental funds reported combined fund balances of \$499,467 above last year's ending fund balance of \$443,822. The Regional Office of Education #3's proprietary fund's net assets increased \$18,102 above last year's ending net assets of \$154,248.

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

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

Governmental Fund Highlights

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

Proprietary Fund Highlights

- The Regional Office of Education #3's business-type activities showed an increase in revenue compared to revenue during FY07. As part of its mission, the Regional Office of Education #3 continues to provide workshop and training services to school districts even during economically challenging times. Many workshops were offered free-of-charge and below cost-recovery in order to meet organizational objectives.

Budgetary Highlights

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

Capital Assets

As of June 30, 2008, the Regional Office of Education #3 had an investment in capital assets of \$72,955, original cost less accumulated depreciation, which consist of a narrow range of capital assets, including computers and audio-visual equipment. The Regional Office of Education #3 continues to maintain a capital asset inventory from which future comparisons to previous years can be made.

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

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

**BOND, FAYETTE, EFFINGHAM COUNTIES
REGIONAL OFFICE OF EDUCATION #3
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

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

- The Regional Office of Education #3 provides programs and services in compliance with statutory, regulatory and mandated requirements from the Legislation and the Illinois State Board of Education despite a level of funding from the State that does not keep pace with the increasing cost of providing such programs and services. Consequently, the Regional Office of Education #3 is forced to maintain a limited professional and clerical staff while trying to provide a consistent level of support and services to schools and to the educational service region served by the regional superintendent of schools.
- The Regional Office of Education #3 has a policy of re-deploying aging computer and audio-visual inventory within the organization. The equipment being replaced is refurbished for use by the alternative education programs, which are also accepting donated computer equipment from other agencies and using open source licensed software programs rather than commercial licensed software programs in an effort to reduce costs. This practice has resulted in an increased number of computers available for student use at little or no expense to any program. The regional superintendent provides new equipment, software and training to personnel as warranted.
- A limited number of federal and State grant programs help support the Regional Office of Education #3's Educational Services Division. Funding from these grant programs are not assured from year to year. Because of limited availability of funds to other agencies and organizations, there is increased competition for funded grant programs due in part to a reduction in the amount of grant funding available and the similar financial circumstances all entities are experiencing. The future of the Alternative Education Programs and the Educational Services Division (and the programs and services they provide) is directly dependent on their abilities to compete for grant funding. The Alternative Education Programs have been expanding due to increased needs by the districts for placement of students requiring alternative educational services. Because of an increase in the number of students served by the programs, an increase in personnel has been required.
- The Regional Office of Education #3 operates under conservative fiscal management and will continue to remain productive through the current State budgetary stalemate by staying within fiscal limits and by utilizing available resources effectively. A continuous review of current and past practices, as well as current operations policies has led to practical modifications resulting in reduction of expenditures and stable fund balances.

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

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

BASIC FINANCIAL STATEMENTS

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 STATEMENT OF NET ASSETS
 JUNE 30, 2008

| | Primary Government | | |
|---|----------------------------|-----------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 209,422 | \$ 156,888 | \$ 366,310 |
| Due from other governments: | | | |
| Local | 21,062 | 670 | 21,732 |
| State | 26,709 | - | 26,709 |
| Federal | 18,604 | - | 18,604 |
| Total Current Assets | <u>275,797</u> | <u>157,558</u> | <u>433,355</u> |
| Noncurrent Assets: | | | |
| Capital assets, being depreciated, net | 58,163 | 14,792 | 72,955 |
| Total Noncurrent Assets | <u>58,163</u> | <u>14,792</u> | <u>72,955</u> |
| TOTAL ASSETS | <u>333,960</u> | <u>172,350</u> | <u>506,310</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accrued payroll and employee benefits | 41,814 | - | 41,814 |
| Due to other governments: | | | |
| Local | 565 | - | 565 |
| Deferred revenue | 108,122 | - | 108,122 |
| TOTAL LIABILITIES | <u>150,501</u> | <u>-</u> | <u>150,501</u> |
| NET ASSETS | | | |
| Invested in capital assets | 58,163 | 14,792 | 72,955 |
| Restricted for teacher professional development | 28,631 | - | 28,631 |
| Unrestricted | 470,836 | 157,558 | 628,394 |
| TOTAL NET ASSETS | <u>\$ 557,630</u> | <u>\$ 172,350</u> | <u>\$ 729,980</u> |

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

| FUNCTIONS/PROGRAMS | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---------------------------------|---------------------|-------------------------|--|--|-----------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Government | | |
| | | | | Governmental Activities | Business-Type Activities | Total |
| Primary government: | | | | | | |
| Governmental activities: | | | | | | |
| Instructional services: | | | | | | |
| Salaries and benefits | \$ 1,133,515 | \$ - | \$ 545,533 | \$ (587,982) | \$ - | \$ (587,982) |
| Purchased services | 533,169 | - | 161,559 | (371,610) | - | (371,610) |
| Supplies and materials | 53,813 | - | 32,377 | (21,436) | - | (21,436) |
| Other objects | 1,070 | - | 307 | (763) | - | (763) |
| Depreciation | 20,828 | - | - | (20,828) | - | (20,828) |
| Capital outlay | - | - | 22,011 | 22,011 | - | 22,011 |
| Payments to other governments | 145,110 | - | 145,110 | - | - | - |
| Administrative: | | | | | | |
| On-behalf payments - State | 289,553 | - | - | (289,553) | - | (289,553) |
| Total governmental activities | <u>2,177,058</u> | <u>-</u> | <u>906,897</u> | <u>(1,270,161)</u> | <u>-</u> | <u>(1,270,161)</u> |
| Business-type activities: | | | | | | |
| Other | 43,629 | 60,657 | - | - | 17,028 | 17,028 |
| Total business-type activities | <u>43,629</u> | <u>60,657</u> | <u>-</u> | <u>-</u> | <u>17,028</u> | <u>17,028</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 2,220,687</u> | <u>\$ 60,657</u> | <u>\$ 906,897</u> | <u>(\$1,270,161)</u> | <u>\$17,028</u> | <u>(\$1,253,133)</u> |
| GENERAL REVENUES: | | | | | | |
| Local sources | | | | 596,832 | - | 596,832 |
| State sources | | | | 439,013 | - | 439,013 |
| On-behalf payments - State | | | | 289,553 | - | 289,553 |
| Investment earnings | | | | 1,591 | 1,074 | 2,665 |
| Total general revenues | | | | <u>1,326,989</u> | <u>1,074</u> | <u>1,328,063</u> |
| CHANGE IN NET ASSETS | | | | 56,828 | 18,102 | 74,930 |
| NET ASSETS - BEGINNING | | | | 500,802 | 154,248 | 655,050 |
| NET ASSETS - ENDING | | | | <u>\$ 557,630</u> | <u>\$ 172,350</u> | <u>\$ 729,980</u> |

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

| | General Fund | Education Fund | Other Non-Major Funds | Eliminations | Total Governmental Funds |
|--|-------------------|-------------------|-----------------------------|--------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 162,326 | i | \$ 47,096 | \$ - | \$ 209,422 |
| Due from other funds | 22,174 | - | - | (22,174) | - |
| Due from other governments: | | | | | |
| Local | 271 | 20,791 | - | - | 21,062 |
| State | - | 24,497 | 2,212 | - | 26,709 |
| Federal | - | 18,604 | - | - | 18,604 |
| TOTAL ASSETS | <u>\$ 184,771</u> | <u>\$ 63,892</u> | <u>\$ 49,308</u> | <u>\$ (22,174)</u> | <u>\$ 275,797</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accrued payroll and employee benefits | \$ - | \$ 41,814 | \$ - | \$ - | \$ 41,814 |
| Due to other funds | - | 22,174 | - | (22,174) | - |
| Due to other governments: | | | | | |
| Local | 565 | - | - | - | 565 |
| Deferred revenue | 58,065 | 50,057 | - | - | 108,122 |
| Total liabilities | <u>58,630</u> | <u>114,045</u> | <u>-</u> | <u>(22,174)</u> | <u>150,501</u> |
| Fund balances: | | | | | |
| Unreserved, reported in: | | | | | |
| General fund | 126,141 | - | - | - | 126,141 |
| Special revenue funds | - | 324,018 | 49,308 | - | 373,326 |
| Total fund balances | <u>126,141</u> | <u>324,018</u> | <u>49,308</u> | <u>-</u> | <u>499,467</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 184,771</u> | <u>\$ 438,063</u> | <u>\$ 49,308</u> | <u>\$ (22,174)</u> | <u>\$ 649,968</u> |

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

| | |
|--|-------------------|
| TOTAL FUND BALANCES - GOVERNMENTAL FUNDS | \$ 499,467 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. | <u>58,163</u> |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u>\$ 557,630</u> |

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | General Fund | Education Fund | Other Non-Major Funds | Total Governmental Funds |
|--|-------------------|-------------------|-----------------------------|--------------------------------|
| REVENUES | | | | |
| Local sources | \$ 444,637 | \$ 129,430 | \$ 22,765 | \$ 596,832 |
| State sources | 74,706 | 841,737 | 18,107 | 934,550 |
| Federal sources | - | 411,360 | - | 411,360 |
| On-behalf payments - State | 289,553 | - | - | 289,553 |
| Total Revenues | <u>808,896</u> | <u>1,382,527</u> | <u>40,872</u> | <u>2,232,295</u> |
| EXPENDITURES | | | | |
| Instructional Services | | | | |
| Salaries and benefits | 207,486 | 914,214 | 11,815 | 1,133,515 |
| Purchased services | 218,374 | 271,968 | 42,827 | 533,169 |
| Supplies and materials | 10,447 | 37,533 | 5,833 | 53,813 |
| Other objects | 60 | 980 | 30 | 1,070 |
| Payments to other governments | - | 145,110 | - | 145,110 |
| On-behalf payments - State | 289,553 | - | - | 289,553 |
| Capital outlay | 10,308 | 10,386 | 1,317 | 22,011 |
| Total Expenditures | <u>736,228</u> | <u>1,380,191</u> | <u>61,822</u> | <u>2,178,241</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>72,668</u> | <u>2,336</u> | <u>(20,950)</u> | <u>54,054</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interest | 433 | 1,158 | - | 1,591 |
| Net Other Sources and Uses of Financing Resources | <u>433</u> | <u>1,158</u> | <u>-</u> | <u>1,591</u> |
| NET CHANGE IN FUND BALANCES | 73,101 | 3,494 | (20,950) | 55,645 |
| FUND BALANCES - BEGINNING | <u>53,040</u> | <u>320,524</u> | <u>70,258</u> | <u>443,822</u> |
| FUND BALANCES - ENDING | <u>\$ 126,141</u> | <u>\$ 324,018</u> | <u>\$ 49,308</u> | <u>\$ 499,467</u> |

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2008

NET CHANGE IN FUND BALANCES \$ 55,645

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

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

| | | |
|----------------------|-----------------|--------------|
| Capital outlay | \$22,011 | |
| Depreciation expense | <u>(20,828)</u> | <u>1,183</u> |

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 56,828

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

| | Business-Type Activities - Enterprise Fund | |
|--|--|------------|
| | Local Workshops | Totals |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 156,888 | \$ 156,888 |
| Due from other governments | | |
| Local | 670 | 670 |
| Total current assets | 157,558 | 157,558 |
| Noncurrent assets: | | |
| Capital assets, net of accumulated depreciation, where applicable: | | |
| Equipment, net | 14,792 | 14,792 |
| Capital assets, net | 14,792 | 14,792 |
| Total noncurrent assets | 14,792 | 14,792 |
| TOTAL ASSETS | 172,350 | 172,350 |
| NET ASSETS | | |
| Invested in capital assets | 14,792 | 14,792 |
| Unrestricted | 157,558 | 157,558 |
| TOTAL NET ASSETS | \$ 172,350 | \$ 172,350 |

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008

| | <u>Business-Type Activities— Enterprise Fund</u> | |
|-------------------------------------|--|-------------------|
| | <u>Local Workshops</u> | <u>Totals</u> |
| OPERATING REVENUES | | |
| Local sources | \$ 60,657 | \$ 60,657 |
| Total Operating Revenues | <u>60,657</u> | <u>60,657</u> |
| OPERATING EXPENSES | | |
| Salaries and benefits | 11,256 | 11,256 |
| Purchased services | 26,511 | 26,511 |
| Supplies and materials | 3,105 | 3,105 |
| Other objects | 645 | 645 |
| Depreciation | 2,112 | 2,112 |
| Total Operating Expenses | <u>43,629</u> | <u>43,629</u> |
| OPERATING INCOME (LOSS) | <u>17,028</u> | <u>17,028</u> |
| NONOPERATING REVENUE | | |
| Interest | <u>1,074</u> | <u>1,074</u> |
| Total Nonoperating Revenue | <u>1,074</u> | <u>1,074</u> |
| CHANGE IN NET ASSETS | 18,102 | 18,102 |
| TOTAL NET ASSETS - BEGINNING | <u>154,248</u> | <u>154,248</u> |
| TOTAL NET ASSETS - ENDING | <u>\$ 172,350</u> | <u>\$ 172,350</u> |

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

BOND, FAYETTE, EFFINGHAM REGIONAL OFFICE OF EDUCATION #3
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008

| | <u>Business-Type Activities— Enterprise Fund</u> | |
|--|--|-------------------|
| | <u>Local Workshops</u> | <u>Totals</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 59,987 | \$ 59,987 |
| Payments to suppliers and providers of goods and services | (30,261) | (30,261) |
| Payments to employees | <u>(11,256)</u> | <u>(11,256)</u> |
| Net Cash Provided By Operating Activities | <u>18,470</u> | <u>18,470</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition of capital assets | <u>(7,422)</u> | <u>(7,422)</u> |
| Net Cash Used for Capital and Related Financing Activities | <u>(7,422)</u> | <u>(7,422)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest | <u>1,074</u> | <u>1,074</u> |
| Net cash provided by (used for) investing activities | <u>1,074</u> | <u>1,074</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 12,122 | 12,122 |
| CASH AND CASH EQUIVALENTS - BEGINNING | <u>144,766</u> | <u>144,766</u> |
| CASH AND CASH EQUIVALENTS - ENDING | <u>\$ 156,888</u> | <u>\$ 156,888</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ 17,028 | \$ 17,028 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation | 2,112 | 2,112 |
| Change in assets and liabilities: | | |
| (Increase) in due from other governments | <u>(670)</u> | <u>(670)</u> |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <u>\$ 18,470</u> | <u>\$ 18,470</u> |

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bond, Fayette, Effingham Counties Regional Office of Education #3 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2008, the Regional Office of Education #3 implemented Governmental Accounting Standards Board (GASB) Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, and GASB Statement No. 50, Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27. The Regional Office of Education #3 implemented these standards during the current year, however; GASB Statement No. 48 had no impact on the financial statements.

A. FINANCIAL REPORTING ENTITY

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 school treasurers' books, accounts, and vouchers; 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 Bond, Fayette, Effingham Counties Regional Office of Education #3'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 treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts under his control are properly bonded.

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

A. FINANCIAL REPORTING ENTITY, (Concluded)

For the period ended June 30, 2008, the Bond, Fayette, Effingham Counties Regional Office of Education #3 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 Bond, Fayette, and Effingham Counties Regional Office of Education #3. Such activities are reported as a single major special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

The Bond, Fayette, Effingham Counties Regional Office of Education #3 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Bond, Fayette, Effingham Counties Regional Office of Education #3 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Bond, Fayette, Effingham Counties Regional Office of Education #3, 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 Bond, Fayette, Effingham Counties Regional Office of Education #3 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 Bond, Fayette, Effingham Counties Regional Office of Education #3 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Bond, Fayette, Effingham Counties Regional Office of Education #3 is not aware of any entity, which would exercise such oversight as to result in the Bond, Fayette, Effingham Counties Regional Office of Education #3 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 Bond, Fayette, Effingham Counties Regional Office of Education #3'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 Bond, Fayette, Effingham Counties Regional Office of Education #3 has one business-type activity that relies on fees and charges for support.

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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

The Bond, Fayette, Effingham Counties Regional Office of Education #3'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 Bond, Fayette, Effingham Counties Regional Office of Education #3 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Bond, Fayette, Effingham Counties Regional Office of Education #3's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

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.

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. PROPRIETARY FUND FINANCIAL STATEMENTS (Concluded)

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

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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.

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING, (Concluded)

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 Bond, Fayette, Effingham Counties Regional Office of Education #3; 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.

Under the terms of grant agreements, Bond, Fayette, and Effingham Counties Regional Office of Education #3 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Bond, Fayette, and Effingham Counties Regional Office of Education #3's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

G. FUND ACCOUNTING

The Bond, Fayette, Effingham Counties Regional Office of Education #3 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 Bond, Fayette, Effingham Counties Regional Office of Education #3 uses governmental and proprietary funds.

GOVERNMENTAL FUNDS

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

GOVERNMENTAL FUNDS, (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a 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 Bond, Fayette, Effingham Counties Regional Office of Education #3 has presented all major funds that met the above qualifications.

The Bond, Fayette, Effingham Counties Regional Office of Education #3 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #3. It is used to account for the expenditures, which benefit all school districts in the region except those required to be accounted for in other funds. General Funds include the following:

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

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

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

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

Education Fund - This fund is used to account for various grant and education enhancement programs as follows:

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

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

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

GOVERNMENTAL FUNDS, (Continued)

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

Title I School Improvement and Accountability System of Support - This is an Area V grant through Regional Office of Education #50 which is provided to support school improvement services and trainings for the school(s) in the region on the academic warning list which did not meet AYP for 2 years in a row. This grant also supports Regional Office of Education staff members' involvement in the Area V services and in necessary training of trainer's sessions.

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

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

Alternative Education State Aid - This program accounts for the general State aid generated by student attendance at the New Approach Alternative School and is used for expenses related to services provided to students.

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

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

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

Local Area Network - This program accounts for receipts from a contractual agreement with the Regional Office of Education #2 used to match specific needs of individual students with appropriate support services.

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

GOVERNMENTAL FUNDS, (Concluded)

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

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

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

The Bond, Fayette, Effingham Counties Regional Office of Education #3 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are 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 to promote the professional growth of teachers and school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

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.

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

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

PROPRIETARY FUND

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Bond, Fayette, Effingham Counties Regional Office of Education #3 on a cost reimbursement basis are reported. The Bond, Fayette, Effingham Counties Regional Office of Education #3 reports its Local Workshops Fund as a major proprietary fund. The local workshop is used to account for the workshop fees and expenses of the Bond, Fayette, Effingham Counties Regional Office of Education #3.

Interest on Distributive Fund - Interest on Distributive Fund is transferred at least semi-annually to recipients.

H. NET ASSETS

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

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

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

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Bond, Fayette, Effingham Counties Regional Office of Education #3 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.

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Concluded)

K. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$ 500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

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

L. COMPENSATED ABSENCES

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

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

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 Bond, Fayette, Effingham Counties Regional Office of Education #3 acts as the administrative agent for certain grant programs that are accounted in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets are required to be or have been legally adopted. The General Fund and certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information. Budget information has been provided in supplementary schedules for the following funds: ROE/ISC Operations, County, Early Childhood 3705-00, Early Childhood 3705-01, Illinois Family Violence Coordinating Council, Truants Alternative/Optional Education, Adult Education & Family Literacy, Regional Safe Schools, Local Area Network, and McKinney Education for Homeless Children.

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2 – CASH

The Bond, Fayette, Effingham Counties Regional Office of Education #3 does not have a formal investment policy. The Bond, Fayette, Effingham Counties Regional Office of Education #3 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. DEPOSITS

At June 30, 2008, the carrying amount of the Bond, Fayette, Effingham Counties Regional Office of Education #3's government-wide deposits were \$740,481 and the bank balance was \$713,477. Of the total bank balances as of June 30, 2008, \$100,000 was secured by federal depository insurance and \$613,477 was collateralized by securities pledged by the Bond, Fayette, Effingham Counties Regional Office of Education #3's financial institution on behalf of the Regional Office.

B. INVESTMENTS

The Regional Office of Education #3's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2008, the Regional Office of Education #3 had no investments invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2008, 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.

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3 - DEFINED BENEFIT PENSION PLAN

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

Funding Policy. As set by statute, the Regional Office of Education #3's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 7.71 percent of annual covered payroll. The Regional Office of Education #3 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2007, the Regional Office of Education #3's annual pension cost of \$42,593 for the Regular plan was equal to the Regional Office of Education #3's required and actual contributions.

THREE YEAR TREND INFORMATION

| Actuarial Valuation <u>Date</u> | Annual Pension Cost (APC) | Percentage of APC <u>Contribution</u> | Net Pension <u>Obligation</u> |
|---------------------------------------|------------------------------|---|----------------------------------|
| 12/31/07 | 42,593 | 100% | 0 |
| 12/31/06 | 54,445 | 100% | 0 |
| 12/31/05 | 40,432 | 100% | 0 |

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of your 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 #3's Regular plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 5 years.

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3 - DEFINED BENEFIT PENSION PLAN, (Concluded)

Funded Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the Regular plan was 100.32 percent funded. The actuarial accrued liability for benefits was \$1,056,674 and the actuarial value of assets was \$1,060,016, resulting in an overfunded actuarial accrued liability (UAAL) of \$3,342. The covered payroll (annual payroll of active employees covered by the plan) was \$552,445 and since the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Bond, Fayette, Effingham Counties Regional Office of Education #3 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2008, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active contribution rate was also 9.4% for the years ended June 30, 2007 and 2006. In addition, virtually all members pay a contribution to the Teacher's Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not part of this retirement plan. The employer THIS Fund Contribution was 0.63 percent during the year ended June 30, 2008, and the member THIS Fund health insurance contribution was 0.84 percent.

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Bond, Fayette, Effingham Counties Regional Office of Education #3. For the year ended June 30, 2008, State of Illinois contributions were based on 13.11 percent of creditable earnings not paid from federal funds, and the Bond, Fayette, Effingham Counties Regional Office of Education #3 recognized revenue and expenditures of \$53,772 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007 and June 30, 2006, the State of Illinois contribution rates as percentages of creditable earnings were 9.78 percent (\$34,994) and 7.06 percent (\$22,821) respectively.

The Bond, Fayette, Effingham Counties Regional Office of Education #3 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2008 were \$2,400. Contributions for the years ending June 30, 2007 and June 30, 2006, were \$2,075 and \$1,875, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Bond, Fayette, Effingham Counties Regional Office of Education #3, there is a statutory requirement for the Bond, Fayette, Effingham Counties Regional Office of Education #3 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2007 and 2006, the employer pension contribution was 9.78 and 7.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2008 salaries totaling \$22,075 were paid from federal and special trust funds that required employer contributions of \$2,894. For the years ended June 30, 2007 and June 30, 2006, required Bond, Fayette, Effingham Counties Regional Office of Education #3 contributions were \$1,564 and \$1,153, respectively.

- **Early Retirement Option.** The Bond, Fayette, Effingham Counties Regional Office of Education #3 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2008, the Bond, Fayette, Effingham Counties Regional Office of Education #3 paid no employer contributions to TRS under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2007 and June 30, 2006, the Bond, Fayette, Effingham Counties Regional Office of Education #3 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS. If the Regional Office of Education #3 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education #3 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent. For the year ended June 30, 2008, the Regional Office of Education #3 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2007, the Regional Office of Education #3 paid no employer contributions due on salary increases in excess of 6 percent.

If the Regional Office of Education #3 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #3 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.62 percent of salary during the year ended June 30, 2008.) For the year ended June 30, 2008, the Regional Office of Education #3 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2007, the Regional Office of Education #3 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 year ended June 30, 2007. The report for the year ended June 30, 2008, is expected to be available in late 2008. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 5: DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2008, consist of the following individual due to/from other funds in the governmental fund balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

| <u>Due to</u> | <u>Due from</u> | <u>Amount</u> |
|---------------|--|------------------|
| | <u>Education Funds</u> | |
| General Fund | Early Childhood | \$ 754 |
| | Title I School Improvement and Accountability System of Support | 6,939 |
| | Standards Aligned Classroom | 845 |
| | ASPIRE South | <u>13,636</u> |
| | Total Due To/Due From | <u>\$ 22,174</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Bond, Fayette, Effingham Counties Regional Office of Education #3 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2008:

| | Balance July 1, 2007 | Additions | Deletions | Balance June 30, 2008 |
|--|-------------------------|-----------------|---------------|--------------------------|
| <u>Governmental Activities</u> | | | | |
| General Funds: | | | | |
| General | \$ 5,983 | \$ - | \$ 2,500 | \$ 3,483 |
| ROE/ISC Operations | 50,259 | 5,795 | 18,195 | 37,859 |
| EIU | 650 | - | - | 650 |
| County | 15,877 | 4,513 | - | 20,390 |
| Total for General Funds | <u>72,769</u> | <u>10,308</u> | <u>20,695</u> | <u>62,382</u> |
| Education Funds: | | | | |
| Scientific Literacy | 24,464 | - | 6,282 | 18,182 |
| Technology | 21,089 | - | - | 21,089 |
| Early Childhood | 789 | - | - | 789 |
| IL Family Violence Coordinating Council | 869 | - | - | 869 |
| Safe To Learn | 2,624 | - | 700 | 1,924 |
| Title I - Reading First Part B SEA | 2,722 | - | - | 2,722 |
| Kaskaskia Area Partnership | 3,692 | - | 3,692 | - |
| Truants Alternative/Optional Education | 78,984 | 9,775 | 9,319 | 79,440 |
| Adult Education & Family Literacy | 4,998 | - | - | 4,998 |
| Regional Safe School | 48,611 | 611 | 2,855 | 46,367 |
| Title I School Improvement & Accountability System of Support | 4,149 | - | - | 4,149 |
| Local Area Network | 732 | - | - | 732 |
| McKinney Education for Homeless Children | 20,875 | - | - | 20,875 |
| ROE State Grant | 3,673 | - | - | 3,673 |
| Tobacco | 987 | - | 987 | - |
| Total Education Funds | <u>219,258</u> | <u>10,386</u> | <u>23,835</u> | <u>205,809</u> |
| Nonmajor Special Revenue Funds: | | | | |
| Institute | 1,093 | - | - | 1,093 |
| Supervisory | 2,299 | 1,317 | - | 3,616 |
| Total for Nonmajor Special Revenue Funds | <u>3,392</u> | <u>1,317</u> | <u>-</u> | <u>4,709</u> |
| Governmental Funds | | | | |
| Total Capital Assets | 295,419 | 22,011 | 44,530 | 272,900 |
| Less: Accumulated Depreciation | <u>238,439</u> | <u>20,828</u> | <u>44,530</u> | <u>214,737</u> |
| Governmental Funds | | | | |
| Investment in Capital Assets, Net | <u>\$ 56,980</u> | <u>\$ 1,183</u> | <u>\$ -</u> | <u>\$ 58,163</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6 - CAPITAL ASSET ACTIVITY (Concluded)

| | | | | |
|-----------------------------------|-----------------|-----------------|-------------|------------------|
| Business-Type Activities | | | | |
| ROE Local | \$ 51,218 | \$ 7,422 | \$ 1,766 | \$ 56,874 |
| Business-type Activities | | | | |
| Total Capital Assets | 51,218 | 7,422 | 1,766 | 56,874 |
| Less: Accumulated Depreciation | 41,736 | 2,112 | 1,766 | 42,082 |
| Investment in Capital Assets, Net | <u>\$ 9,482</u> | <u>\$ 5,310</u> | <u>\$ -</u> | <u>\$ 14,792</u> |

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2008 of \$20,828 and \$2,112 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 7 - RISK MANAGEMENT

The Bond, Fayette, Effingham Counties Regional Office of Education #3 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Bond, Fayette, Effingham Counties Regional Office of Education #3 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 8- ON BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Bond, Fayette, Effingham Counties Regional Office of Education #3:

| | |
|---|-------------------|
| Regional Superintendent Salary | \$ 101,219 |
| Regional Superintendent Benefits (Includes State paid insurance) | 23,313 |
| Assistant Regional Superintendent Salary | 91,012 |
| Assistant Regional Superintendent Benefits (Includes State paid insurance) | 20,237 |
| TRS Pension Contributions | <u>53,772</u> |
| Total | <u>\$ 289,553</u> |

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

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 9- DUE TO/FROM OTHER GOVERNMENTS

The Bond, Fayette, Effingham Counties Regional Office of Education #3's General Fund, Education Fund, and various grant programs have funds due from various other governmental units which consist of the following:

Due from Other Governments:

| | |
|-----------------------------------|------------------|
| <u>General Fund</u> | |
| Local Governments | \$ 271 |
| | |
| <u>Education Fund</u> | |
| Local Governments | 20,791 |
| Illinois State Board of Education | 24,497 |
| Federal Government | 18,604 |
| | |
| <u>Other Non-Major Funds</u> | |
| State of Illinois | 2,212 |
| Total | <u>\$ 66,375</u> |

Due to Other Governments:

| | |
|---------------------|--------|
| <u>General Fund</u> | |
| Local Governments | \$ 565 |

NOTE 10 - OPERATING LEASE

The Bond, Fayette, Effingham Counties Regional Office of Education #3 has entered into an annual operating lease through June 30, 2008 for its Alternative Education Programs to provide classroom space for the Focus and New Approach Schools and office space for grant programs. Rent expense for 2008 totaled \$42,000.

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

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2008

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 12/31/07 | 1,060,016 | 1,056,674 | (3,342) | 100.32% | 552,445 | 0.00% |
| 12/31/06 | 917,833 | 929,696 | 11,863 | 98.72% | 576,744 | 2.06% |
| 12/31/05 | 775,839 | 762,148 | (13,691) | 101.80% | 547,120 | 0.00% |

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$1,111,254. On a market basis, the funded ratio would be 105.17%.

* Digest of changes

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For regular members, fewer normal and early retirements are expected to occur.

SUPPLEMENTARY INFORMATION

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2008

| | General | ROE/ISC Operations | County | EIU | TOTALS |
|-------------------------------------|------------------|-----------------------|------------------|------------------|-------------------|
| Assets | | | | | |
| Cash and cash equivalents | 20,795 | \$ - | \$ 74,030 | \$ 67,501 | \$ 162,326 |
| Due from other funds | 22,174 | - | - | - | 22,174 |
| Due from other governments | | | | | |
| Local | 271 | - | - | - | 271 |
| Total Assets | <u>\$ 43,240</u> | <u>\$ -</u> | <u>\$ 74,030</u> | <u>\$ 67,501</u> | <u>\$ 184,771</u> |
| Liabilities | | | | | |
| Due to other governments | | | | | |
| Local | \$ 565 | \$ - | \$ - | \$ - | \$ 565 |
| Deferred revenue | - | - | 58,065 | - | 58,065 |
| Total Liabilities | <u>565</u> | <u>-</u> | <u>58,065</u> | <u>-</u> | <u>58,630</u> |
| Fund Balances | | | | | |
| Unreserved | <u>42,675</u> | <u>-</u> | <u>15,965</u> | <u>67,501</u> | <u>126,141</u> |
| Total Fund Balances | <u>42,675</u> | <u>-</u> | <u>15,965</u> | <u>67,501</u> | <u>126,141</u> |
| Total Liabilities and Fund Balances | <u>\$ 43,240</u> | <u>\$ -</u> | <u>\$ 74,030</u> | <u>\$ 67,501</u> | <u>\$ 184,771</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2008

| | General | ROE/ISC Operations | County | EIU | TOTALS |
|--|------------------|-----------------------|------------------|------------------|-------------------|
| Revenues | | | | | |
| Local sources | \$ 39,354 | \$ - | \$ 193,276 | \$ 212,007 | \$ 444,637 |
| State sources | - | 74,706 | - | - | 74,706 |
| On-behalf payments -State | 289,553 | - | - | - | 289,553 |
| Total Revenues | <u>328,907</u> | <u>74,706</u> | <u>193,276</u> | <u>212,007</u> | <u>808,896</u> |
| Expenditures | | | | | |
| Salaries and benefits | 20,328 | 36,279 | 145,048 | 5,831 | 207,486 |
| Purchased services | 8,744 | 27,552 | 35,965 | 146,113 | 218,374 |
| Supplies and materials | 377 | 5,020 | 4,257 | 793 | 10,447 |
| Other objects | - | 60 | - | - | 60 |
| Capital outlay | - | 5,795 | 4,513 | - | 10,308 |
| On-behalf payments -State | 289,553 | - | - | - | 289,553 |
| Total Expenditures | <u>319,002</u> | <u>74,706</u> | <u>189,783</u> | <u>152,737</u> | <u>736,228</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>9,905</u> | <u>-</u> | <u>3,493</u> | <u>59,270</u> | <u>72,668</u> |
| Other Financing Sources (Uses) | | | | | |
| Interest | 433 | - | - | - | 433 |
| Total Other Financing Sources (Uses) | <u>433</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>433</u> |
| Net Change in Fund Balances | 10,338 | - | 3,493 | 59,270 | 73,101 |
| Fund Balance - Beginning | 32,337 | - | 12,472 | 8,231 | 53,040 |
| Fund Balance - Ending | <u>\$ 42,675</u> | <u>\$ -</u> | <u>\$ 15,965</u> | <u>\$ 67,501</u> | <u>\$ 126,141</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 GENERAL FUND ACCOUNTS
 ROE/ISC OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| REVENUES | | | |
| State sources | \$ 72,993 | \$ 74,706 | \$ 74,706 |
| Total Revenue | <u>72,993</u> | <u>74,706</u> | <u>74,706</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 37,120 | 37,835 | 36,279 |
| Purchased services | 29,540 | 30,140 | 27,552 |
| Supplies and materials | 4,833 | 5,231 | 5,020 |
| Other objects | 500 | 500 | 60 |
| Capital outlay | 1,000 | 1,000 | 5,795 |
| Total Expenditures | <u>72,993</u> | <u>74,706</u> | <u>74,706</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of December 1, 2006 to November 30, 2007, and December 1, 2007 to November 30, 2008)
 GENERAL FUND ACCOUNTS
 COUNTY
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | | | Actual Amounts |
|----------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|
| | Original | | Final | | |
| | 12/1/06 to 11/30/07 | 12/1/07 to 11/30/08 | 12/1/06 to 11/30/07 | 12/1/07 to 11/30/08 | |
| REVENUES | | | | | |
| Local sources | \$ 195,061 | \$ 199,620 | \$ 195,061 | \$ 199,620 | \$ 193,276 |
| Total revenues | 195,061 | 199,620 | 195,061 | 199,620 | 193,276 |
| EXPENDITURES | | | | | |
| Salaries and benefits | 148,256 | 152,415 | 148,256 | 152,415 | 145,048 |
| Purchased services | 39,705 | 40,105 | 39,705 | 40,105 | 35,965 |
| Supplies and materials | 3,600 | 3,600 | 3,600 | 3,600 | 4,257 |
| Capital outlay | 3,500 | 3,500 | 3,500 | 3,500 | 4,513 |
| Total Expenditures | 195,061 | 199,620 | 195,061 | 199,620 | 189,783 |
| NET CHANGE IN FUND BALANCE | - | - | - | - | 3,493 |
| FUND BALANCE - BEGINNING | - | - | - | - | 12,472 |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ - | \$ - | \$ 15,965 |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2008

| | <u>Technology</u> | <u>Early Childhood 3705-00 & 3705-01</u> | <u>Attendance Officer</u> | <u>Illinois Family Violence Coordinating Council</u> |
|---|----------------------|--|-------------------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 84,111 | \$ - | \$ 3,575 | \$ 1,590 |
| Due from other governments | | | | |
| Local | - | - | - | - |
| State | - | 754 | - | 7,477 |
| Federal | - | - | - | - |
| TOTAL ASSETS | <u>\$ 84,111</u> | <u>\$ 754</u> | <u>\$ 3,575</u> | <u>\$ 9,067</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accrued payroll and employee benefits | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | 754 | - | - |
| Deferred revenue | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>754</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Unreserved | <u>84,111</u> | <u>-</u> | <u>3,575</u> | <u>9,067</u> |
| Total Fund Balance | <u>84,111</u> | <u>-</u> | <u>3,575</u> | <u>9,067</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 84,111</u> | <u>\$ 754</u> | <u>\$ 3,575</u> | <u>\$ 9,067</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2008

| | Title I School Improvement & Accountability System of Support | Standards Aligned Classroom | Cooperative Curriculum | Alternative Education State Aid | Truants Alternative / Optional Education |
|---|---|-----------------------------------|---------------------------|---------------------------------------|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 3,128 | \$ - | \$ 247,414 |
| Due from other governments | | | | | |
| Local | - | - | - | - | 20,791 |
| State | - | - | - | - | - |
| Federal | 17,748 | 856 | - | - | - |
| TOTAL ASSETS | \$ 17,748 | \$ 856 | \$ 3,128 | \$ - | \$ 268,205 |
| LIABILITIES AND FUND BALANCE | | | | | |
| LIABILITIES | | | | | |
| Accrued payroll and employee benefits | \$ - | \$ - | \$ - | \$ - | \$ 41,814 |
| Due to other funds | 6,939 | 845 | - | - | - |
| Deferred revenue | 10,809 | 11 | - | - | 2,883 |
| Total Liabilities | 17,748 | 856 | - | - | 44,697 |
| FUND BALANCES | | | | | |
| Unreserved | - | - | 3,128 | - | 223,508 |
| Total Fund Balance | - | - | 3,128 | - | 223,508 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 17,748 | \$ 856 | \$ 3,128 | \$ - | \$ 268,205 |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2008

| | Adult Education & Family Literacy | Regional Safe Schools | Local Area Network | McKinney Education for Homeless Children |
|---|--|-----------------------------|--------------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 33,347 |
| Due from other governments | | | | |
| Local | - | - | - | - |
| State | 2,630 | - | - | - |
| Federal | - | - | - | - |
| TOTAL ASSETS | \$ 2,630 | \$ - | \$ - | \$ 33,347 |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accrued payroll and employee benefits | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - |
| Deferred revenue | 2,001 | - | - | 33,347 |
| Total Liabilities | 2,001 | - | - | 33,347 |
| FUND BALANCES | | | | |
| Unreserved | 629 | - | - | - |
| Total Fund Balance | 629 | - | - | - |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 2,630 | \$ - | \$ - | \$ 33,347 |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2008

| | Learn and Serve <u>America</u> | ASPIRE South <u>South</u> | <u>TOTAL</u> |
|---|--------------------------------------|---------------------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,006 | \$ - | \$ 374,171 |
| Due from other governments | | | |
| Local | - | - | 20,791 |
| State | - | 13,636 | 24,497 |
| Federal | - | - | 18,604 |
| TOTAL ASSETS | <u>\$ 1,006</u> | <u>\$ 13,636</u> | <u>\$ 438,063</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Accrued payroll and employee benefits | \$ - | \$ - | \$ 41,814 |
| Due to other funds | - | 13,636 | 22,174 |
| Deferred revenue | 1,006 | - | 50,057 |
| Total Liabilities | <u>1,006</u> | <u>13,636</u> | <u>114,045</u> |
| FUND BALANCES | | | |
| Unreserved | - | - | 324,018 |
| Total Fund Balance | <u>-</u> | <u>-</u> | <u>324,018</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 1,006</u> | <u>\$ 13,636</u> | <u>\$ 438,063</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2008

| | Technology | Early Childhood 3705-00 & 3705-01 | Attendance Officer | Illinois Family Violence Coordinating Council |
|--|------------------|--|-----------------------|--|
| REVENUES | | | | |
| Local sources | \$ - | \$ - | \$ 5,064 | \$ 8,444 |
| State sources | - | 63,036 | - | 23,747 |
| Federal sources | - | - | - | - |
| Total Revenue | <u>-</u> | <u>63,036</u> | <u>5,064</u> | <u>32,191</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | - | 53,730 | 1,824 | 20,453 |
| Purchased services | 3,352 | 7,669 | 2,198 | 11,755 |
| Supplies and materials | - | 1,637 | - | 524 |
| Other objects | - | - | - | - |
| Capital outlay | - | - | - | - |
| Payments to other governments | - | - | - | - |
| Total Expenditures | <u>3,352</u> | <u>63,036</u> | <u>4,022</u> | <u>32,732</u> |
| EXCESS OF REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | <u>(3,352)</u> | <u>-</u> | <u>1,042</u> | <u>(541)</u> |
| OTHER SOURCES (USES) OF FINANCIAL RESOURCES | | | | |
| Interest | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Sources (Uses) of Financial Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | | | | |
| | <u>(3,352)</u> | <u>-</u> | <u>1,042</u> | <u>(541)</u> |
| FUND BALANCE - BEGINNING | | | | |
| | <u>87,463</u> | <u>-</u> | <u>2,533</u> | <u>9,608</u> |
| FUND BALANCE - ENDING | | | | |
| | <u>\$ 84,111</u> | <u>\$ -</u> | <u>\$ 3,575</u> | <u>\$ 9,067</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2008

| | Title I School Improvement & Accountability System of Support | Standards Aligned Classroom | Cooperative Curriculum | Alternative Education State Aid | Truants Alternative / Optional Education |
|--|--|-----------------------------------|---------------------------|---------------------------------------|---|
| REVENUES | | | | | |
| Local sources | \$ - | \$ - | \$ 2,290 | \$ - | \$ 24,578 |
| State sources | 6,939 | - | - | - | 389,775 |
| Federal sources | 62,517 | 133,856 | - | - | - |
| Total Revenue | <u>69,456</u> | <u>133,856</u> | <u>2,290</u> | <u>-</u> | <u>414,353</u> |
| EXPENDITURES | | | | | |
| Salaries and benefits | 47,137 | 37,510 | - | 22,056 | 247,178 |
| Purchased services | 22,319 | 7,236 | 2,747 | 65,892 | 2,183 |
| Supplies and materials | - | - | 140 | - | 1,789 |
| Other objects | - | - | - | - | - |
| Capital outlay | - | - | - | - | 9,775 |
| Payments to other governments | - | 89,110 | - | - | - |
| Total Expenditures | <u>69,456</u> | <u>133,856</u> | <u>2,887</u> | <u>87,948</u> | <u>260,925</u> |
| EXCESS OF REVENUES OVER (UNDER) | | | | | |
| EXPENDITURES | <u>-</u> | <u>-</u> | <u>(597)</u> | <u>(87,948)</u> | <u>153,428</u> |
| OTHER SOURCES (USES) OF FINANCIAL RESOURCES | | | | | |
| Interest | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,158</u> |
| Total Other Sources (Uses) of Financial Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,158</u> |
| NET CHANGE IN FUND BALANCES | <u>-</u> | <u>-</u> | <u>(597)</u> | <u>(87,948)</u> | <u>154,586</u> |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>3,725</u> | <u>87,948</u> | <u>68,922</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,128</u> | <u>\$ -</u> | <u>\$ 223,508</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2008

| | Adult Education & Family Literacy | Regional Safe Schools | Local Area Network | McKinney Education for Homeless Children |
|--|--|-----------------------------|--------------------------|--|
| REVENUES | | | | |
| Local sources | \$ - | \$ 21,206 | \$ 67,848 | \$ - |
| State sources | 38,049 | 277,555 | - | - |
| Federal sources | 29,251 | 6,270 | - | 174,248 |
| Total Revenue | <u>67,300</u> | <u>305,031</u> | <u>67,848</u> | <u>174,248</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | 49,979 | 286,652 | 53,226 | 72,959 |
| Purchased services | 8,037 | 37,806 | 39,513 | 36,049 |
| Supplies and materials | 8,655 | 12,449 | 1,967 | 9,240 |
| Other objects | - | 247 | 733 | - |
| Capital outlay | - | 611 | - | - |
| Payments to other governments | - | - | - | 56,000 |
| Total Expenditures | <u>66,671</u> | <u>337,765</u> | <u>95,439</u> | <u>174,248</u> |
| EXCESS OF REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | <u>629</u> | <u>(32,734)</u> | <u>(27,591)</u> | <u>-</u> |
| OTHER SOURCES (USES) OF FINANCIAL RESOURCES | | | | |
| Interest | - | - | - | - |
| Total Other Sources (Uses) of Financial Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | | | | |
| | <u>629</u> | <u>(32,734)</u> | <u>(27,591)</u> | <u>-</u> |
| FUND BALANCE - BEGINNING | | | | |
| | <u>-</u> | <u>32,734</u> | <u>27,591</u> | <u>-</u> |
| FUND BALANCE - ENDING | | | | |
| | <u>\$ 629</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2008

| | Learn and Serve America | ASPIRE South | TOTAL |
|--|-------------------------------|-----------------|-------------------|
| REVENUES | | | |
| Local sources | \$ - | \$ - | \$ 129,430 |
| State sources | - | 42,636 | 841,737 |
| Federal sources | 5,218 | - | 411,360 |
| Total Revenue | <u>5,218</u> | <u>42,636</u> | <u>1,382,527</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 1,041 | 20,469 | 914,214 |
| Purchased services | 3,052 | 22,160 | 271,968 |
| Supplies and materials | 1,125 | 7 | 37,533 |
| Other objects | - | - | 980 |
| Capital outlay | - | - | 10,386 |
| Payments to other governments | - | - | 145,110 |
| Total Expenditures | <u>5,218</u> | <u>42,636</u> | <u>1,380,191</u> |
| EXCESS OF REVENUES OVER (UNDER) | | | |
| EXPENDITURES | <u>-</u> | <u>-</u> | <u>2,336</u> |
| OTHER SOURCES (USES) OF FINANCIAL RESOURCES | | | |
| Interest | <u>-</u> | <u>-</u> | <u>1,158</u> |
| Total Other Sources (Uses) of Financial Resources | <u>-</u> | <u>-</u> | <u>1,158</u> |
| NET CHANGE IN FUND BALANCES | | | |
| | <u>-</u> | <u>-</u> | <u>3,494</u> |
| FUND BALANCE - BEGINNING | | | |
| | <u>-</u> | <u>-</u> | <u>320,524</u> |
| FUND BALANCE - ENDING | | | |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 324,018</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD 3705-00
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| REVENUES | | | |
| State sources | \$ 22,827 | \$ 25,512 | \$ 25,512 |
| Total Revenue | <u>22,827</u> | <u>25,512</u> | <u>25,512</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 20,650 | 20,650 | 20,650 |
| Purchased services | 1,977 | 3,977 | 3,977 |
| Supplies and materials | 200 | 885 | 885 |
| Total Expenditures | <u>22,827</u> | <u>25,512</u> | <u>25,512</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD 3705-01
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|-----------|-------------------|
| | Original | Final | |
| REVENUES | | | |
| State sources | \$ 35,172 | \$ 37,524 | \$ 37,524 |
| Total Revenue | 35,172 | 37,524 | 37,524 |
| EXPENDITURES | | | |
| Salaries and benefits | 33,080 | 33,080 | 33,080 |
| Purchased services | 1,892 | 3,692 | 3,692 |
| Supplies and materials | 200 | 752 | 752 |
| Total Expenditures | 35,172 | 37,524 | 37,524 |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | - | - | - |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ - |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of January 1, 2007 to December 31, 2007 (#05-FVC004-97), and
 January 1, 2008 to December 31, 2008 (#06-FVC004-97))
 EDUCATION FUND ACCOUNTS
 ILLINOIS FAMILY VIOLENCE COORDINATING COUNCIL
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual |
|----------------------------|------------------|--------|----------|
| | Original | Final | |
| REVENUES | | | |
| Local sources | \$ - | \$ - | \$ 8,444 |
| State sources | 19,500 | 19,500 | 23,747 |
| Total Revenues | 19,500 | 19,500 | 32,191 |
| EXPENDITURES | | | |
| Salaries and benefits | 16,050 | 16,050 | 20,453 |
| Purchased services | 3,250 | 3,250 | 11,755 |
| Supplies and materials | 200 | 200 | 524 |
| Total Expenditures | 19,500 | 19,500 | 32,732 |
| NET CHANGE IN FUND BALANCE | - | - | (541) |
| FUND BALANCE - BEGINNING | - | - | 9,608 |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ 9,067 |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual Amounts |
|--|------------------|----------------|-------------------|
| | Original | Final | |
| REVENUES | | | |
| Local sources | \$ - | \$ - | \$ 24,578 |
| State sources | 115,659 | 131,974 | 389,775 |
| Total Revenues | 115,659 | 131,974 | 414,353 |
| EXPENDITURES | | | |
| Salaries and benefits | 94,398 | 106,620 | 247,178 |
| Purchased services | 14,671 | 14,892 | 2,183 |
| Supplies and materials | 6,590 | 10,462 | 1,789 |
| Capital outlay | - | - | 9,775 |
| Total Expenditures | 115,659 | 131,974 | 260,925 |
| Excess (Deficiency) of Revenues Over Expenditures | - | - | 153,428 |
| OTHER FINANCING SOURCES | | | |
| Interest | - | - | 1,158 |
| Total Other Financing Sources | - | - | 1,158 |
| NET CHANGE IN FUND BALANCE | - | - | 154,586 |
| FUND BALANCE - BEGINNING | - | - | 68,922 |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ 223,508 |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 ADULT EDUCATION & FAMILY LITERACY
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| REVENUES | | | |
| State sources | \$ 40,050 | \$ 41,211 | \$ 38,049 |
| Federal sources | 29,251 | 29,251 | 29,251 |
| Total Revenues | <u>69,301</u> | <u>70,462</u> | <u>67,300</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 48,258 | 48,258 | 49,979 |
| Purchased services | 11,563 | 12,724 | 8,037 |
| Supplies and materials | 9,480 | 9,480 | 8,655 |
| Total Expenditures | <u>69,301</u> | <u>70,462</u> | <u>66,671</u> |
| NET CHANGE IN FUND BALANCE | <u>-</u> | <u>-</u> | <u>629</u> |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 629</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|----------------|-------------------|
| | Original | Final | |
| REVENUES | | | |
| Local sources | \$ - | \$ - | \$ 21,206 |
| State sources | 124,662 | 124,662 | 277,555 |
| Federal sources | - | - | 6,270 |
| Total Revenues | <u>124,662</u> | <u>124,662</u> | <u>305,031</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 102,984 | 102,984 | 286,652 |
| Purchased services | 14,125 | 14,125 | 37,806 |
| Supplies and materials | 7,553 | 7,553 | 12,449 |
| Other objects | - | - | 247 |
| Capital outlay | - | - | 611 |
| Total Expenditures | <u>124,662</u> | <u>124,662</u> | <u>337,765</u> |
| NET CHANGE IN FUND BALANCE | - | - | (32,734) |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>32,734</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to June 30, 2008)
 EDUCATION FUND ACCOUNTS
 LOCAL AREA NETWORK
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| REVENUES | | | |
| Local sources | \$ 62,533 | \$ 62,533 | \$ 67,848 |
| Total Revenues | <u>62,533</u> | <u>62,533</u> | <u>67,848</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 53,512 | 53,512 | 53,226 |
| Purchased services | 6,371 | 6,371 | 39,513 |
| Supplies and materials | 2,650 | 2,650 | 1,967 |
| Other objects | - | - | 733 |
| Total Expenditures | <u>62,533</u> | <u>62,533</u> | <u>95,439</u> |
| NET CHANGE IN FUND BALANCE | - | - | (27,591) |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>27,591</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2007 to August 31, 2008)
 EDUCATION FUND ACCOUNTS
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual Amounts |
|-------------------------------|------------------|----------------|-------------------|
| | Original | Final | |
| REVENUES | | | |
| Federal sources | \$ 207,595 | \$ 207,595 | \$ 174,248 |
| Total Revenues | <u>207,595</u> | <u>207,595</u> | <u>174,248</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 60,435 | 77,647 | 72,959 |
| Purchased services | 141,935 | 119,234 | 36,049 |
| Supplies and materials | 5,225 | 10,714 | 9,240 |
| Payments to other governments | - | - | 56,000 |
| Total Expenditures | <u>207,595</u> | <u>207,595</u> | <u>174,248</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2008

| | <u>Institute</u> | <u>General Education Development</u> | <u>ROE School Bus Driver Training</u> | <u>Supervisory</u> | <u>TOTALS</u> |
|----------------------------|------------------|--|---|--------------------|------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 28,631 | \$ 13,778 | \$ 3,884 | \$ 803 | \$ 47,096 |
| Due from other governments | | | | | |
| State | - | 2,212 | - | - | 2,212 |
| TOTAL ASSETS | <u>\$ 28,631</u> | <u>\$ 15,990</u> | <u>\$ 3,884</u> | <u>\$ 803</u> | <u>\$ 49,308</u> |
| FUND BALANCE | | | | | |
| Unreserved | <u>\$ 28,631</u> | <u>\$ 15,990</u> | <u>\$ 3,884</u> | <u>\$ 803</u> | <u>\$ 49,308</u> |
| TOTAL FUND BALANCE | <u>\$ 28,631</u> | <u>\$ 15,990</u> | <u>\$ 3,884</u> | <u>\$ 803</u> | <u>\$ 49,308</u> |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

| | Institute | General Education Development | ROE School Bus Driver Training | Supervisory | TOTALS |
|--|------------------|-------------------------------------|--------------------------------------|---------------|------------------|
| REVENUES | | | | | |
| Local sources | \$ 14,693 | \$ 5,810 | \$ 1,211 | \$ 1,051 | \$ 22,765 |
| State sources | - | 14,627 | 480 | 3,000 | 18,107 |
| Total Revenues | 14,693 | 20,437 | 1,691 | 4,051 | 40,872 |
| EXPENDITURES | | | | | |
| Salaries and benefits | - | 11,815 | - | - | 11,815 |
| Purchased services | 37,998 | 2,245 | 1,063 | 1,521 | 42,827 |
| Supplies and materials | - | 3,637 | 204 | 1,992 | 5,833 |
| Other objects | - | 30 | - | - | 30 |
| Capital outlay | - | - | - | 1,317 | 1,317 |
| Total Expenditures | 37,998 | 17,727 | 1,267 | 4,830 | 61,822 |
| Excess (Deficiency) of Revenues Over Expenditures | (23,305) | 2,710 | 424 | (779) | (20,950) |
| FUND BALANCES - BEGINNING | 51,936 | 13,280 | 3,460 | 1,582 | 70,258 |
| FUND BALANCES - ENDING | \$ 28,631 | \$ 15,990 | \$ 3,884 | \$ 803 | \$ 49,308 |

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

| <u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u> | <u>CFDA Number</u> | <u>Project # (1st eight digits) or Contract #</u> | <u>Federal Expenditures 7/1/07 - 6/30/08</u> |
|--|------------------------|---|--|
| U.S. Dept. of Education | | | |
| Passed through Illinois State Board of Education: | | | |
| McKinney Education for Homeless Children | 84.196A | 08-4920-00 | \$ 166,748 |
| McKinney Education for Homeless Children | 84.196A | 08-4920-01 | <u>7,500</u> |
| Total U.S. Dept of Education through the Illinois State Board of Education | | | <u>174,248 (M)</u> |
| Corporation for National and Community Services | | | |
| Passed through Illinois State Board of Education: | | | |
| Learn and Serve America | 94.004 | 08-4910-00 | <u>5,218</u> |
| Total Corporation for National and Community Services Passed through Illinois State Board of Education | | | <u>5,218</u> |
| U.S. Dept. of Agriculture | | | |
| Passed through Illinois State Board of Education | | | |
| National School Lunch Program | 10.555 | 07-4210-00 | 681 |
| National School Lunch Program | 10.555 | 08-4210-00 | <u>5,589</u> |
| Total U.S. Dept of Agriculture through the Illinois State Board of Education | | | <u>6,270 (M)</u> |
| U.S. Dept. of Education | | | |
| Passed through Illinois Community College Board | | | |
| Adult Education and Family Literacy | 84.002A | N/A | <u>29,251 (M)</u> |
| Total U.S. Dept of Education through the Illinois Community College Board | | | <u>29,251</u> |
| U.S. Dept. of Education CFDA #84.010A | | | |
| Passed through Clark, Coles, Cumberland, Douglas, Edgar, Moultrie & Shelby Counties Regional Office of Education # 11 | | | |
| Standards Aligned Classroom-Statewide Professional Development | 84.010A | 08-4331-00 | 133,856 |
| Passed through St. Clair County Regional Office of Education #50 | | | |
| Title I School Improvement and Accountability System of Support | 84.010A | 08-4331-SS | <u>62,517</u> |
| Total U. S. Department of Education CFDA #84.101A | | | <u>196,373</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 411,360</u> |

(M) Program was audited as a major program.

BOND, FAYETTE, EFFINGHAM COUNTIES REGIONAL OFFICE OF EDUCATION #3
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1. REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Bond, Fayette, Effingham Counties Regional Office of Education #3 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented 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 #3 provided federal awards to subrecipients as follows:

| <u>Program Title</u> | <u>Federal CFDA #</u> | <u>Amount provided to subrecipients</u> |
|--|---------------------------|---|
| Standards Aligned Classroom- Statewide Professional Development | 84.010A | \$ 89,110 |
| McKinney Education for Homeless Children | 84.196A | \$ 56,000 |

NOTE 3. DESCRIPTION OF MAJOR FEDERAL PROGRAM

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

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

National School Lunch Program - This program provides funding to reimburse the Alternative and Safe Schools for providing nutritionally balanced, low-cost or free lunches to children each school day.

NOTE 4. NON-CASH ASSISTANCE

None.

NOTE 5. AMOUNT OF INSURANCE

None.

NOTE 6. LOANS OR LOAN GUARANTEES OUTSTANDING

None.