

State of Illinois
BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2011

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

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 JUNE 30, 2011

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BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
JUNE 30, 2011

OFFICIALS

Regional Superintendent
(Current, Effective July 1, 2011)

Dr. Lori Fanello

Regional Superintendent
(During the audit period, Retired June 30, 2011)

Dr. Richard Fairgrievies

Assistant Regional Superintendent
(Current, Effective July 1, 2011)

Dr. Linda Oshita

Assistant Regional Superintendent
(During the audit period, Effective July 1, 2010
through June 30, 2011)

Dr. Lori Fanello

Office is located at:

300 Heart Blvd.
Loves Park, IL 61111-7516

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
JUNE 30, 2011

COMPLIANCE REPORT SUMMARY

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

AUDITOR'S REPORTS

The auditor's reports on compliance and on internal controls contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	3
Repeated audit findings	3	0
Prior recommendations implemented or not repeated	0	0

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

An additional 6 matters which are less than significant deficiencies or material weaknesses but more than inconsequential have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
11-01	12a	Controls Over Financial Statement Preparation	Material Weakness
11-02	12c	Departure from Generally Accepted Accounting Principle	Material Weakness
11-03	12e	Segregation of Cash and Fund Balances	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
JUNE 30, 2011

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on November 4, 2011. Attending were Dr. Lori Fanello, Regional Superintendent; Dr. Linda Oshita, Assistant Regional Superintendent; Cyndi Sheetz, Administrative Assistant; Anne Lazzerini, Grants Bookkeeper; Denise Rux, ROE Bookkeeper; Renee Barker, KIDS Bookkeeper; and Karen Bojda, CPA, Kemper CPA Group, LLP. Additional discussions regarding the findings and recommendations were held via a conference call on February 17, 2012 between Dr. Lori Fanello, Regional Superintendent; Kelly Mittelstaedt, Audit Manager, Office of the Auditor General; and Tami Knight, Partner, Kemper CPA Group, LLP. A formal exit conference discussing the findings and recommendations was held on May 2, 2012 at the Agency's location. Attending were Dr. Lori Fanello, Regional Superintendent; Dr. Linda Oshita, Assistant Regional Superintendent; Cyndi Sheetz, Administrative Assistant; Anne Lazzerini, Grants Bookkeeper; Renee Barker, KIDS Bookkeeper; Kelly Mittelstaedt, Audit Manager, Office of the Auditor General; Tami Knight, CPA and Karen Bojda, CPA, Kemper CPA Group, LLP. Responses to the recommendations were provided by Dr. Lori Fanello, Regional Superintendent.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
JUNE 30, 2011

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Boone/Winnebago Counties Regional Office of Education #4 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed a qualified opinion on the Regional Office of Education #4'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 Boone/Winnebago Counties Regional Office of Education #4, as of and for the year ended June 30, 2011, which collectively comprise the Regional Office of Education #4's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #4's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraphs, 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.

The Regional Office of Education #4 did not recognize and disclose postemployment benefits other than pensions (OPEB) in their financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Disclosure of that information is required to conform with accounting principles generally accepted in the United States of America. The effects of this departure from U.S. generally accepted accounting principles on the financial statements of the Regional Office of Education #4 are not reasonably determinable.

As explained in Note 1 (J) to the financial statements, we are unable to form an opinion regarding the amounts at which cash and fund balance are recorded in the accompanying Balance Sheet-Governmental Funds and Statement of Net Assets-Proprietary Fund financial statements.

In our opinion, except for the effects of not recognizing a liability for postemployment benefits other than pensions in the Statement of Net Assets and the Statement of Activities as described in a preceding paragraph, as well as the effects of such adjustments, if any, as might have been determined to be necessary had records concerning the balance of cash and fund balance in each major fund and the aggregate remaining fund information been adequate as described in a preceding paragraph, the financial statements referred to above present fairly, in all material respects, the 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 #4, as of June 30, 2011, 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.

The Regional Office of Education #4 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on the any of Regional Office of Education #4's governmental funds' assets or liabilities nor was there any effect to the total amount of any of Regional Office of Education #4's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 8, 2012, on our consideration of the Regional Office of Education #4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a through 16f and 54 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 #4's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, except for the effects on the amounts at which cash and fund balance are recorded in the combining and individual nonmajor fund financial statements and budgetary comparison schedules resulting from the departure from generally accepted accounting principles described above, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
May 8, 2012



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone/Winnebago Counties Regional Office of Education #4, as of and for the year ended June 30, 2011, which collectively comprise the Regional Office of Education #4's basic financial statements and have issued our report thereon dated May 8, 2012. The report on governmental and business-type activities was qualified because the Regional Office of Education #4 did not recognize and disclose postemployment benefits other than pensions (OPEB) in their financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and did not maintain adequate accounting records to allow an opinion on cash and fund balance in the Balance Sheet-Governmental Funds and Statement of Net Assets-Proprietary Fund. 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

Management of the Regional Office of Education #4 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Regional Office of Education #4's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Regional Office of Education #4's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #4's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 11-01, 11-02, and 11-03 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #4's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Regional Office of Education #4 in a separate letter dated May 8, 2012.

The Regional Office of Education #4's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Regional Office of Education #4's responses, and accordingly, we express no opinion on them.

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

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
May 8, 2012



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the Boone/Winnebago Counties Regional Office of Education #4's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Regional Office of Education #4's major federal programs for the year ended June 30, 2011. The Regional Office of Education #4'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 #4's management. Our responsibility is to express an opinion on the Regional Office of Education #4's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Regional Office of Education #4's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Regional Office of Education #4's compliance with those requirements.

In our opinion, the Regional Office of Education #4 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Regional Office of Education #4 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Regional Office of Education #4's internal control over compliance with the requirements that could have a direct

and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #4's internal control over compliance.

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

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

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

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
May 8, 2012

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Qualified
Internal control over financial reporting:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) identified?	No
● Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
● Material weakness(es) identified?	No
● Significant deficiency(ies) identified?	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
84.010A and 84.389A	Title I Part A Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	No

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 11-01 – Controls Over Financial Statement Preparation (Repeat of Finding 10-01)

Criteria/Specific Requirement:

The Regional Office of Education #4 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's 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 #4 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its 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's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- 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, no entries were provided to reconcile the Regional Office of Education #4's grant activity, such as posting grant receivables and deferred revenues.

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.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 11-01 – Controls Over Financial Statement Preparation (Concluded) (Repeat of Finding 10-01)

Auditors' Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #4 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:

The Regional Office of Education #4 accepts the degree of risk associated with this condition. The additional expense to seek outside accounting expertise to prepare and /or review financial statements would take away from the funds available to provide educational services for the schools in the region. The Regional Office of Education #4 will review, approve, and accept responsibility for the audit adjustments, financial statements and related notes provided by the auditors.

The Regional Office of Education #4 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that our employees possess the knowledge required to prepare the necessary GAAP-based financial statements.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 11-02 – Departure from Generally Accepted Accounting Principle (Repeat of Finding 10-02)

Criteria/Specific Requirement:

The Illinois Administrative Code (74 Ill. Adm. 420.320 (c) (1) and (2)) requires that each Regional Office of Education maintain the accounting records necessary to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB), requires that employers recognize and disclose OPEB expense. Net OPEB obligations, if any, should be reported as liabilities (or assets if overfunded) in the financial statements. For financial reporting purposes, an actuarial valuation is required to measure and disclose the annual OPEB cost. In certain circumstances, an alternative measurement method can be applied instead of obtaining an actuarial valuation.

Condition:

The Regional Office of Education #4 participates in a defined benefit OPEB plan that provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. Under accrual accounting, the cost of OPEB, and any related OPEB liability, should generally be recorded in the period when the exchange for the employees' services occurs, rather than when the benefits are paid. Currently, the Regional Office of Education #4's OPEB plan is financed on a pay-as-you-go basis, and as such, the financial statements do not report the financial effects of OPEB until the promised benefits are paid. The Regional Office of Education #4 did not obtain an actuarial valuation of its postemployment benefits other than pension liability, or apply the alternative measurement method in order to be in compliance with GASB Statement No. 45.

In the absence of the actuarial valuation, or the application of the alternative measurement method, the auditors could not reasonably determine the amount by which this departure would affect the liabilities, fund balances, and expenditures of Regional Office of Education #4 as of June 30, 2011.

Effect:

Failure to apply the accounting and reporting requirements of GASB Statement No. 45 could result in misstatements of the Regional Office of Education #4's financial statements. This could also result in inaccurate and incomplete disclosure of the OPEB plan description, the funding policy, and the annual OPEB and net OPEB obligation.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

**Finding No. 11-02 – Departure from Generally Accepted Accounting Principle (Concluded)
(Repeat of Finding 10-02)**

Cause:

According to Regional Office management, noncompliance with GASB Statement No. 45 was due to budget restraints and the overall complexity of the pronouncement.

Auditors' Recommendation:

We recommend the Regional Office of Education #4 obtain or perform an actuarial valuation of its other postemployment benefit liability to be in compliance with GASB Statement No. 45 and include all disclosures required by the Statement in its financial statements.

Management's Response:

To ascertain our obligation for postemployment benefit liability in compliance with GASB Statement #45, the Regional Office of Education #4 has contacted an actuary to obtain an actuarial valuation. The Regional Office of Education #4 will include the required disclosures in the fiscal year 2012 financial statements.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 11-03 – Segregation of Cash and Fund Balances (Repeat of Finding 10-03)

Criteria/Specific Requirement:

Generally accepted accounting principles, good fiscal management, and some grant agreements require cash and fund balances to be segregated and reported by fund and individual grant program.

Condition:

The Regional Office of Education #4 maintains its cash in common bank accounts and does not segregate individual fund and grant program cash and fund balances in their accounting system.

Effect:

The Regional Office is unable to determine cash and fund balances by fund and grant program.

Cause:

The Regional Office personnel incorrectly believed they had segregated or lacked the expertise to segregate cash and fund balances by programs and funds in their current accounting system.

Auditors' Recommendation:

The Regional Office should begin tracking cash and fund balances in its accounting system segregated by fund and grant program.

Management's Response:

The Regional Office of Education #4 is currently working with three entities to improve our reporting of cash and fund balances according to acceptable accounting principles. These entities are: a local CPA firm, our accounting program representative, and a bookkeeper in another ROE currently using the same accounting program.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

None

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Corrective Action Plan

Finding No. 11-01 – Controls Over Financial Statement Preparation

Condition:

The Regional Office of Education #4 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's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- 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, no entries were provided to reconcile the Regional Office of Education #4's grant activity, such as posting grant receivables and deferred revenues.

Plan:

The Regional Office of Education #4 accepts the degree of risk associated with this condition. The additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. The Regional Office of Education #4 will review, approve, and accept responsibility for the audit adjustments, financial statements and related notes provided by the auditors.

The Regional Office of Education #4 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that our employees possess the knowledge required to prepare the necessary GAAP-based financial statements.

Anticipated Date of Completion:

Ongoing

Contact Person Responsible for Corrective Action:

Honorable Lori Fanello, Regional Superintendent of Schools

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Corrective Action Plan (Continued)

Finding No. 11-02 – Departure from Generally Accepted Accounting Principle

Condition:

The Regional Office of Education #4 participates in a defined benefit OPEB plan that provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. Under accrual accounting, the cost of OPEB, and any related OPEB liability, should generally be recorded in the period when the exchange for the employees' services occurs, rather than when the benefits are paid. Currently, the Regional Office of Education #4's OPEB plan is financed on a pay-as-you-go basis, and as such, the financial statements do not report the financial effects of OPEB until the promised benefits are paid. The Regional Office of Education #4 did not obtain an actuarial valuation of its postemployment benefits other than pension liability, or apply the alternative measurement method in order to be in compliance with GASB Statement No. 45.

In the absence of the actuarial valuation, or the application of the alternative measurement method, the auditors could not reasonably determine the amount by which this departure would affect the liabilities, fund balances, and expenditures of Regional Office of Education #4 as of June 30, 2011.

Plan:

To ascertain our obligation for postemployment benefit liability in compliance with GASB Statement #45, the Regional Office of Education #4 has contacted an actuary to obtain an actuarial valuation. The Regional Office of Education #4 will include the required disclosures in the fiscal year 2012 financial statements.

Anticipated Date of Completion:

June 30, 2012

Contact Person Responsible for Corrective Action:

Honorable Lori Fanello, Regional Superintendent of Schools

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

Corrective Action Plan (Continued)

Finding No. 11-03 – Segregation of Cash and Fund Balances

Condition:

The Regional Office of Education #4 maintains its cash in common bank accounts and does not segregate individual fund and grant program cash and fund balances in their accounting system.

Plan:

The Regional Office of Education #4 is currently working with three entities to improve reporting of cash and fund balances according to acceptable accounting principles. These entities are: a local CPA firm, an accounting program representative, and a bookkeeper in another ROE currently using the same accounting program.

Anticipated Date of Completion:

June 30, 2012

Contact Person Responsible for Corrective Action:

Honorable Lori Fanello, Regional Superintendent of Schools

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
10-01	Controls Over Financial Statement Preparation	Repeated as 11-01
10-02	Departure from Generally Accepted Accounting Principle	Repeated as 11-02
10-03	Segregation of Cash and Fund Balances	Repeated as 11-03

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The Boone/Winnebago Counties Regional Office of Education #4 (Regional Office of Education #4) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2011, with comparative information for the year ended June 30, 2010. Readers are encouraged to consider the information in conjunction with the Regional Office of Education #4's basic financial statements.

2011 Financial Highlights

- During fiscal year 2011, the Regional Office of Education #4 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 14 to the financial statements. Because of these reclassifications, the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.
- The Regional Office of Education #4 has no long term debt.

Using This Report

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the Regional Office of Education #4's financial activities.
- The *government-wide financial statements* consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education #4 as a whole and present an overall view of the Regional Office of Education #4's finances.
- *Fund financial statements* report the Regional Office of Education #4's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements and other supplementary information provides detailed information about the major and non-major funds.

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

It is important to note that many grants are a cooperative effort of the Regional Office of Education #4, the DeKalb County Regional Office of Education #16, and the McHenry County Regional Office of Education #44. Therefore, these figures may reflect grants that are intended to serve Boone/Winnebago Counties only and grants that serve DeKalb County and McHenry County.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The Statement of Net Assets and the Statement of Activities

The government-wide financial statements report information about the Regional Office of Education #4 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using generally accepted accounting principles and GASB 34.

The government-wide financial statements report the Regional Office of Education #4's net assets and how they have changed. Net assets—the difference between assets and liabilities—are one way to measure the Regional Office of Education #4's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office of Education #4's overall financial condition, additional nonfinancial factors, such as new laws, rules, regulations, and actions by officials at the State level, need to be considered.

The government-wide financial statements present the Regional Office of Education #4's activities as governmental and business-type activities. Local, State, and federal funds finance most of the governmental activities, while local workshops finance most of the business-type activities.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office of Education #4's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #4 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- (1) Governmental funds account for all of the Regional Office of Education #4's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Regional Office of Education #4's programs. The Regional Office of Education #4's Governmental Funds include the General Fund and the Special Revenue Funds.

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

- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and nonmajor enterprise funds. The proprietary funds' required 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.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

(3) Fiduciary funds are used to account for assets held by the Regional Office of Education #4 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds' required financial statements include a Statement of Fiduciary Net Assets.

Government-Wide Financial Analysis

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office of Education #4. The net assets at the end of FY 2011 and FY 2010 totaled \$4,744,710 and \$4,932,783, respectively. The analysis that follows provides a summary of the Regional Office of Education #4's net assets as of June 30, 2011 and 2010.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 3,477,042	\$ 4,926,735	\$ 1,362,288	\$ 1,141,947	\$ 4,839,330	\$ 6,068,682
Capital assets, net	28,353	81,703	970	2,030	29,323	83,733
Total assets	<u>3,505,395</u>	<u>5,008,438</u>	<u>1,363,258</u>	<u>1,143,977</u>	<u>4,868,653</u>	<u>6,152,415</u>
Current liabilities	123,943	1,219,632	-	-	123,943	1,219,632
Total liabilities	<u>123,943</u>	<u>1,219,632</u>	<u>-</u>	<u>-</u>	<u>123,943</u>	<u>1,219,632</u>
Net assets:						
Invested in capital assets	28,353	81,703	970	2,030	29,323	83,733
Restricted for educational purposes	284,342	91,294	-	-	284,342	91,294
Unrestricted	3,068,757	3,615,809	1,362,288	1,141,947	4,431,045	4,757,756
Total net assets	<u>\$ 3,381,452</u>	<u>\$ 3,788,806</u>	<u>\$ 1,363,258</u>	<u>\$ 1,143,977</u>	<u>\$ 4,744,710</u>	<u>\$ 4,932,783</u>

The Regional Office of Education #4's net assets decreased by \$188,073 (4%) from FY 2010. The decrease occurred primarily in the enterprise funds due to the decrease of revenues over expenses for workshops conducted by the Regional Office of Education #4. In addition, net assets related to certain programs are considered restricted for educational purposes.

CHANGES IN NET ASSETS

The following analysis shows the changes in net assets for the years ended June 30, 2011 and 2010.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 3,301,131	\$ 5,567,473	\$ -	\$ -	\$ 3,301,131	\$ 5,567,473
General revenues:						
Local sources	572,443	764,053	-	-	572,443	764,053
State sources	1,154,028	287,606	-	-	1,154,028	287,606
Federal sources	-	224,423	-	-	-	224,423
On-behalf payments	1,148,883	1,208,805	-	-	1,148,883	1,208,805
Charges for services	-	-	616,876	818,515	616,876	818,515
Investment earnings	34,325	14,960	7,307	166	41,632	15,126
Loss on disposal of assets	-	-	-	-	-	-
Total revenues	<u>6,210,810</u>	<u>8,067,320</u>	<u>624,183</u>	<u>818,681</u>	<u>6,834,993</u>	<u>8,886,001</u>
Expenses:						
Programs expenses:						
Salaries and benefits	2,937,561	2,842,055	73,443	753	3,011,004	2,842,808
Purchased services	1,278,999	1,321,535	524,013	407,162	1,803,012	1,728,697
Supplies and materials	387,741	837,696	12,709	11,015	400,450	848,711
Other objects	25,793	727	-	-	25,793	727
Payments to other governments	800,119	1,891,163	-	-	800,119	1,891,163
Capital outlay	-	-	-	-	-	-
Depreciation	13,842	20,855	1,060	1,060	14,902	21,915
Administrative expenses:						
On-behalf payments	1,148,883	1,208,805	-	-	1,148,883	1,208,805
Total expenses	<u>6,592,938</u>	<u>8,122,836</u>	<u>611,225</u>	<u>419,990</u>	<u>7,204,163</u>	<u>8,542,826</u>
Other financing sources (uses):						
Operating transfers	(81,474)	-	81,474	-	-	-
Changes in net assets	(463,602)	(55,516)	94,432	398,691	(369,170)	343,175
Net assets, beginning of year, restated	3,845,054	3,844,322	1,268,826	745,286	5,113,880	4,589,608
Net assets, end of year	<u>\$ 3,381,452</u>	<u>\$ 3,788,806</u>	<u>\$ 1,363,258</u>	<u>\$ 1,143,977</u>	<u>\$ 4,744,710</u>	<u>\$ 4,932,783</u>

Governmental Activities

Revenues for governmental activities were \$6,210,810, and expenses were \$6,592,938. The decrease in revenues of \$1,856,510 (23%) and decrease in expenditures of \$1,523,898 (19%) is primarily due to the reclassification of the CEANCI programs from special revenue funds to fiduciary funds. This reclassification decreased revenues and expenditures by \$1,556,742 and \$1,571,232, respectively. Interest income increased from \$14,960 in FY 2010 to \$34,325 in FY 2011 because FY 2010 monies arrived in FY 2011 to replace the monies we had already expended from local sources to cover FY 2010 expenses. Individual grant revenue decreased from FY 2010 as certain programs were not funded or funding was reduced in FY 2011. Consequently, expenses were proportionally decreased to meet the funding level.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Business-Type Activities

Revenues for business-type activities were \$624,183 and expenditures were \$611,225. The decrease in revenues is due mainly to the decrease in local workshops and conferences conducted by the Regional Office of Education #4 in FY 2011. The increase in expenses is due to the fact that we had a decrease in ROE/ISC School Services money so we used the Workshop account to offset the difference.

Financial Analysis of the Regional Office of Education #4 Funds

As previously noted, the Regional Office of Education #4 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #4's Governmental Funds reported combined fund balances were \$3,149,695.

Governmental Fund Highlights

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

Two areas will be cited where this is true:

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

Proprietary Fund Highlights

Total proprietary fund net assets increased by \$219,281 (19%), from \$1,143,977 in FY 2010 to \$1,363,258 in FY 2011. The increase resulted from the excess of revenues over expenditures for the local workshop fund. The increase in expenses is due to the fact that we had a decrease in ROE/ISC School Services money so we used the local workshop fund to offset the difference.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Budgetary Highlights

The Regional Office of Education #4 annually adopts budgets for several funds. The budgets for the General Fund accounts and Kishwaukee Intermediate Delivery Systems (KIDS) accounts are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Boards for their approval. The Office Operations Budget covers a fiscal year which runs from October 1 to September 30. All grant budgets are prepared by the Regional Office of Education #4 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

The Regional Office of Education #4's capital assets include office equipment, computers, audiovisual equipment, and office furniture. The Regional Office of Education #4 maintains an inventory of capital assets which have been accumulated over time. In FY 2011, total additions amounted to \$9,540. Depreciation expense for FY 2011 was \$14,902.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office of Education #4 was aware of several existing circumstances that could affect its financial condition in the future:

- The proposed State aid foundation level for FY 2012 has stayed level at \$6,119 per student.
- County board fiscal support for Regional Office of Education #4 is expected to continue to decline during FY 2012.
- Federal funds under ARRA are expected to be received in FY 2012 in the form of general state aid in an effort to reduce the impact of the State's current fiscal deficit on the ROE's operations.
- The student growth in the region is stabilizing.
- The interest rate on investments continues to be low.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office of Education #4's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #4 at 300 Heart Blvd., Loves Park, IL 61111.

BASIC FINANCIAL STATEMENTS

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,280,941	\$ 1,311,952	\$ 3,592,893
Due (to) from other funds	(50,336)	50,336	-
Due from other governments:			
Local	103,390	-	103,390
State	783,445	-	783,445
Federal	359,602	-	359,602
Total Current Assets	<u>3,477,042</u>	<u>1,362,288</u>	<u>4,839,330</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	28,353	970	29,323
Total Noncurrent Assets	<u>28,353</u>	<u>970</u>	<u>29,323</u>
TOTAL ASSETS	<u>3,505,395</u>	<u>1,363,258</u>	<u>4,868,653</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	120,982	-	120,982
Unearned revenue	2,961	-	2,961
Total Current Liabilities	<u>123,943</u>	<u>-</u>	<u>123,943</u>
NET ASSETS			
Invested in capital assets, net of related debt	28,353	970	29,323
Restricted for educational purposes	284,342	-	284,342
Unrestricted	3,068,757	1,362,288	4,431,045
TOTAL NET ASSETS	<u>\$ 3,381,452</u>	<u>\$ 1,363,258</u>	<u>\$ 4,744,710</u>

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$2,937,561	\$ -	\$ 1,466,606	\$ (1,470,955)	\$ -	\$ (1,470,955)
Purchased services	1,278,999	-	922,421	(356,578)	-	(356,578)
Supplies and materials	387,741	-	203,040	(184,701)	-	(184,701)
Other objects	25,793	-	691	(25,102)	-	(25,102)
Depreciation expense	13,842	-	-	(13,842)	-	(13,842)
Capital outlay	-	-	9,540	9,540	-	9,540
Payments to other governments	800,119	-	698,833	(101,286)	-	(101,286)
Administrative:						
On-behalf payments - Local	438,514	-	-	(438,514)	-	(438,514)
On-behalf payments - State	710,369	-	-	(710,369)	-	(710,369)
Total Governmental Activities	<u>6,592,938</u>	<u>-</u>	<u>3,301,131</u>	<u>(3,291,807)</u>	<u>-</u>	<u>(3,291,807)</u>
Business-Type Activities:						
Charges for services	611,225	616,876	-	-	5,651	5,651
Total Business-Type Activities	<u>611,225</u>	<u>616,876</u>	<u>-</u>	<u>-</u>	<u>5,651</u>	<u>5,651</u>
TOTAL PRIMARY GOVERNMENT	<u>\$7,204,163</u>	<u>\$ 616,876</u>	<u>\$ 3,301,131</u>	<u>(3,291,807)</u>	<u>5,651</u>	<u>(3,286,156)</u>
GENERAL REVENUES:						
Local sources				572,443	-	572,443
State sources				1,154,028	-	1,154,028
On-behalf payments - Local				438,514	-	438,514
On-behalf payments - State				710,369	-	710,369
Transfers in (out)				(81,474)	81,474	-
Investment earnings				34,325	7,307	41,632
Total General Revenues and Transfers				<u>2,828,205</u>	<u>88,781</u>	<u>2,916,986</u>
CHANGE IN NET ASSETS				(463,602)	94,432	(369,170)
NET ASSETS - BEGINNING, RESTATED				<u>3,845,054</u>	<u>1,268,826</u>	<u>5,113,880</u>
NET ASSETS - ENDING				<u>\$ 3,381,452</u>	<u>\$ 1,363,258</u>	<u>\$ 4,744,710</u>

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,956,293	\$ 2,961	\$ 321,687	\$ -	\$ 2,280,941
Due from other funds	1,261,575	-	-	(1,261,575)	-
Due from other governments:					
Local	684	102,706	-	-	103,390
State	31,860	751,585	-	-	783,445
Federal	-	359,602	-	-	359,602
TOTAL ASSETS	<u>\$ 3,250,412</u>	<u>\$ 1,216,854</u>	<u>\$ 321,687</u>	<u>\$ (1,261,575)</u>	<u>\$ 3,527,378</u>
LIABILITIES					
Accounts payable	\$ 120,982	\$ -	\$ -	\$ -	\$ 120,982
Due to other funds	60,673	1,200,902	50,336	(1,261,575)	50,336
Unearned revenue	-	206,365	-	-	206,365
Total Liabilities	<u>181,655</u>	<u>1,407,267</u>	<u>50,336</u>	<u>(1,261,575)</u>	<u>377,683</u>
FUND BALANCES					
Restricted	-	7,438	271,351	-	278,789
Assigned	2,619,213	-	-	-	2,619,213
Unassigned	449,544	(197,851)	-	-	251,693
Total Fund Balances	<u>3,068,757</u>	<u>(190,413)</u>	<u>271,351</u>	<u>-</u>	<u>3,149,695</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,250,412</u>	<u>\$ 1,216,854</u>	<u>\$ 321,687</u>	<u>\$ (1,261,575)</u>	<u>\$ 3,527,378</u>

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2011

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 3,149,695

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. 28,353

Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds. 203,404

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 3,381,452

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 385,129	\$ 6,000	\$ 181,314	\$ -	\$ 572,443
On-behalf payments - Local	438,514	-	-	-	438,514
State sources	1,139,657	1,562,730	2,036	-	2,704,423
On-behalf payments - State	710,369	-	-	-	710,369
Federal sources	-	1,772,551	-	-	1,772,551
Total Revenues	<u>2,673,669</u>	<u>3,341,281</u>	<u>183,350</u>	<u>-</u>	<u>6,198,300</u>
EXPENDITURES					
Instructional Services:					
Salaries and benefits	1,445,496	1,466,606	25,459	-	2,937,561
Purchased services	290,744	922,421	65,834	-	1,278,999
Supplies and materials	162,302	203,040	22,399	-	387,741
Other objects	25,102	691	-	-	25,793
Payments to other governments	101,286	698,833	-	-	800,119
On-behalf payments - Local	438,514	-	-	-	438,514
On-behalf payments - State	710,369	-	-	-	710,369
Capital outlay	-	9,540	-	-	9,540
Total Expenditures	<u>3,173,813</u>	<u>3,301,131</u>	<u>113,692</u>	<u>-</u>	<u>6,588,636</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(500,144)</u>	<u>40,150</u>	<u>69,658</u>	<u>-</u>	<u>(390,336)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	12,667	2,000	(14,667)	-
Transfers out	(14,667)	-	(81,474)	14,667	(81,474)
Interest income	33,408	-	917	-	34,325
Total Other Financing Sources (Uses)	<u>18,741</u>	<u>12,667</u>	<u>(78,557)</u>	<u>-</u>	<u>(47,149)</u>
NET CHANGE IN FUND BALANCE	(481,403)	52,817	(8,899)	-	(437,485)
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED	<u>3,550,160</u>	<u>(243,230)</u>	<u>280,250</u>	<u>-</u>	<u>3,587,180</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 3,068,757</u>	<u>\$ (190,413)</u>	<u>\$ 271,351</u>	<u>\$ -</u>	<u>\$ 3,149,695</u>

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
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, 2011

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ (437,485)

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	\$ 9,540	
Depreciation expense	<u>(13,842)</u>	(4,302)

Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are deferred in the governmental funds.

FY10 deferred revenue recognized in FY11	\$ (225,219)	
FY11 revenue deferred	<u>203,404</u>	<u>(21,815)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (463,602)

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,311,952	\$ 1,311,952
Due from other funds	50,336	50,336
Total current assets	1,362,288	1,362,288
Noncurrent assets:		
Capital assets, being depreciated, net	970	970
Total noncurrent assets	970	970
TOTAL ASSETS	1,363,258	1,363,258
NET ASSETS		
Invested in capital assets, net of related debt	970	970
Unrestricted	1,362,288	1,362,288
TOTAL NET ASSETS	\$ 1,363,258	\$ 1,363,258

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Total
OPERATING REVENUES		
Charges for services	\$ 616,876	\$ 616,876
Total Operating Revenues	616,876	616,876
OPERATING EXPENSES		
Salaries and benefits	73,443	73,443
Purchased services	524,013	524,013
Supplies and materials	12,709	12,709
Depreciation	1,060	1,060
Total Operating Expenses	611,225	611,225
OPERATING INCOME	5,651	5,651
NONOPERATING REVENUE		
Transfers in	81,474	81,474
Interest income	7,307	7,307
Total Nonoperating Revenue	88,781	88,781
CHANGE IN NET ASSETS	94,432	94,432
TOTAL NET ASSETS - BEGINNING, RESTATED	1,268,826	1,268,826
TOTAL NET ASSETS - ENDING	\$ 1,363,258	\$ 1,363,258

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Fund	
	Local Workshops	Totals
Cash Flows from Operating Activities:		
Receipts from customers	\$ 640,915	\$ 640,915
Payments to suppliers and providers of goods and services	(536,722)	(536,722)
Payments to employees	(73,443)	(73,443)
Net Cash Provided by Operating Activities	30,750	30,750
Cash Flows from Noncapital Financing Activities:		
Cash transfers from other funds	31,138	31,138
Net Cash Provided by Noncapital Financing Activities	31,138	31,138
Cash Flows from Investing Activities:		
Interest income	7,307	7,307
Net Cash Provided by Investing Activities	7,307	7,307
Net Increase in Cash and Cash Equivalents	69,195	69,195
Cash and cash equivalents - Beginning, Restated	1,242,757	1,242,757
Cash and cash equivalents - Ending	\$ 1,311,952	\$ 1,311,952
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating Income	\$ 5,651	\$ 5,651
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	1,060	1,060
Decrease in Due from other governments	24,039	24,039
Net Cash Provided by Operating Activities	\$ 30,750	\$ 30,750

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2011

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 859,006
Total Assets	<u>\$ 859,006</u>
LIABILITIES	
Due to other governments	\$ 859,006
Total Liabilities	<u>\$ 859,006</u>

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Boone/Winnebago Counties Regional Office of Education #4 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2011, the Regional Office of Education #4 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; GASB Statement No. 59, *Financial Instruments Omnibus*; and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Regional Office of Education #4 implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through May 8, 2012, the date when the financial statements were available to be issued.

B. 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; to evaluate the schools in the region; to examine evidence of indebtedness; to file and keep the returns of elections required to be returned to the Regional Superintendent's office; and to file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #4's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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 within his region 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 seeing 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.

For the period ended June 30, 2011, the Regional Office of Education #4 applied for, received, and administered numerous state and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #4. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #4's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #4 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #4 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, other than the agreement detailed below, have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #4 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #4 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #4 being considered a component unit of the entity.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

On July 1, 1995, the Regional Office of Education #4 entered into an intergovernmental agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110. The name of the Educational Service delivery system formed is known as the Kishwaukee Intermediate Delivery Systems (KIDS). Membership in KIDS is made up of the following Regional Offices of Education: Boone/Winnebago, DeKalb, and McHenry. The Regional Office of Education #4 was designated as the administrative agent and has reported the activity of this agreement in their financial statements.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #4's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by state and federal grants and other intergovernmental revenues. The Regional Office of Education has one business-type activity that relies on fees and charges for support.

The Regional Office of Education #4's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #4 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #4'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.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the Governmental Fund 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 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, activities between governmental funds have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

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

E. 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 presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 the 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. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses, and other long-term obligations, which are recognized when paid.

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. The reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #4; 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.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS (Concluded)

Under the terms of grant agreements, Boone/Winnebago Counties Regional Office of Education #4 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #4's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

G. FUND ACCOUNTING

The Regional Office of Education #4 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #4 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental fund 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 fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #4 has presented all major funds that met the above qualifications.

The Regional Office of Education #4 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education #4. It is used to account for the expenditures that benefit all school districts in the Region except those required to be accounted for in other funds. General Funds include the following:

Audiovisual Co-op – This fund accounts for monies received and disbursed by the Regional Superintendent as administrative agent for the Boone/Winnebago Audiovisual Co-op.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Educational Service Center No. 1 – This fund accounts for resources used to support the activities of the Educational Service Center No. 1.

General Operations – This fund accounts for monies received for and in payment of expenditures in connection with general administrative activities.

Payroll – This fund accounts for all payroll costs incurred by the Regional Office of Education #4. Any fund that has payroll remits the money to the Payroll Fund as administering agent, which then disburses payments to employees.

Regional Attendance Cooperative – This program accounts for local monies received for and in payment of expenditures for the Regional Attendance Cooperative.

Regional Alternative School – General State Aid (GSA) – This program accounts for grant monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

Regional Learning Center – General State Aid (GSA) – This program accounts for grant monies received for and in payment of expenditures for the general operations of the Regional Learning Center.

Standards Aligned Classroom – This program accounts for monies received for and in payment of expenditures for teams that develop curricula aligned with the Illinois Academic Standards.

Education Fund – This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

Gifted Education – This program accounts for grant monies received for and in payment of expenditures intended to enhance gifted education.

McKinney-Vento Homeless Children and Youth – To account for grant monies received and expended assisting school districts in identifying and providing assistance to at-risk students. This program offers services to homeless children and youth primarily who are of school age. Pre-school aged children also receive services to ensure access to early childhood and pre-school programs.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Preschool for All – This program accounts for contract money received for and in payment of expenditures incurred in providing comprehensive monitoring and technical assistance to preschool programs.

Principal Mentoring – This program accounts for monies received from the Illinois Principals Association for expenditures incurred to ensure that every new principal in the Region receives a high-quality mentoring experience from trained mentors.

Regional Alternative School – ARRA Education Jobs – This program accounts for ARRA grant monies received to provide assistance to save or create education jobs for the 2010-2011 school year.

Regional Learning Academy – ARRA Education Jobs – This program accounts for ARRA grant monies received to provide assistance to save or create education jobs for the 2010-2011 school year.

Regional Learning Center – ARRA Education Jobs – This program accounts for ARRA grant monies received to provide assistance to save or create education jobs for the 2010-2011 school year.

Regional Safe Schools – This program accounts for grant monies received for and in payment of expenditures for activities for disruptive students who are eligible for suspension or expulsion.

ROE/ISC Operations – This fund accounts for grant monies received for and in payment of expenditures for assisting schools in all areas of school improvement.

Teachers & Administrators Mentoring – This program accounts for grant monies received for and in payment of expenditures for activities to assist new teachers through mentoring by trained mentors.

Technology for Success – This program accounts for monies received for and in payment of expenditures incurred to create and support ongoing learning team focused on alignment of classroom-level assessment and instruction.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

Title I – Reading First Part B SEA – This program accounts for grant monies received for and in payment of expenditures for reading initiatives and for professional development for teachers in schools that participate in the Reading First program.

Title I – School Improvement & Accountability (includes Title I – School Improvement and Accountability – ARRA) – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #4 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

Title II – Teacher Quality – This program accounts for grant monies received for and in payment of expenditures for activities that aim to increase student academic achievement through strategies such as improving teacher and principal quality; increasing the number of highly qualified teachers, principals, and assistant principals in the schools; and holding local educational agencies and schools accountable for improvements in student academic achievement.

Title III – Professional Development – This grant is provided by the Illinois State Board of Education to assist local professional development committees in fulfilling their responsibilities.

Truants Alternative – This program accounts for grant monies received for and in payment of expenditures for optional education opportunities to school dropouts, potential dropouts, and truants of the Region.

Workforce Investment Act – This program accounts for grant monies received for and in payment of expenditures associated with vocational training services and coordination of activities to the economically disadvantaged.

The Regional Office of Education #4 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:

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Nonmajor Special Revenue Funds (Concluded)

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools of each county or counties to administer the GED test. Testing fees are used for test administration, testing materials, and diplomas on successful completion of the test.

Bus Driver Training – Experienced bus drivers must take a two-hour instructional refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid, prescribed by the Illinois State Board of Education and administered by the Regional Office.

Supervisory – This fund was developed by the General Assembly to help support the day-to-day activities of the Regional Superintendent.

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

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenues and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #4 reports the following proprietary fund:

Local Workshops – This fund is an enterprise fund established to track revenues received and expenses incurred in offering professional development workshops for teachers and administrators and other services for the school districts in Boone and Winnebago Counties.

FIDUCIARY FUNDS

Agency Funds – Agency funds are used to account for assets held by the Regional Office of Education #4 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #4 reports the following agency fund:

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Agency Funds (Concluded)

Career Education Associates of North Central Illinois (CEANCI) – This fund accounts for the assets held by the Regional Office of Education #4 for the benefit of Career Education Associates of North Central Illinois (CEANCI), an intergovernmental agreement between the Belvidere, Byron, Harlem, Hononegah, North Boone, Oregon, Rockford, South Beloit, Stillman Valley, and Winnebago school districts for the purpose of directing the region's career and technical education programs. The policy-making CEANCI Board of Governors is composed of the school district superintendents. The Regional Office of Education #4 serves as the administrative agent.

H. GOVERNMENTAL FUND BALANCES

Fund balance is the difference between assets and liabilities in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance - The portion of a governmental fund's net assets that are not available to be spent, either short term or long term, due to either their form or legal restrictions. The Regional Office of Education #4 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a governmental fund's net assets that are subject to external enforceable legal restrictions. The following accounts' fund balances are restricted by grant agreements or contracts: Principal Mentoring. The following funds are restricted by Illinois Statute: General Education Development Fund, Bus Driver Training Fund, Supervisory Fund, and the Institute Fund.

Committed Fund Balance - The portion of a governmental fund's net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #4 has no committed fund balances.

Assigned Fund Balance - The portion of a governmental fund's net assets for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #4 has assigned fund balances in the General Fund's Audiovisual Co-op, Educational Service Center No. 1, Regional Alternative School – GSA, Regional Learning Center – GSA, and Standards Aligned Classroom programs.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. GOVERNMENTAL FUND BALANCES (Concluded)

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the General Fund's General Operations and Regional Attendance Cooperative accounts and the Education Fund's Regional Safe Schools, Technology for Success, Title I – School Improvement & Accountability, and Truants Alternative programs.

I. 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 their 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.”

J. CASH AND CASH EQUIVALENTS

The Boone/Winnebago Counties Regional Office of Education #4's cash and cash equivalents are considered to be demand deposits and short-term investments. All interest income is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures, and Changes in Fund Balances.

The Regional Office of Education #4 reports its cash and fund balances by responsibility center. Each responsibility center accounts for numerous grant programs. The Regional Office does not segregate the cash and fund balances within each responsibility center by grant program or funding source, which is necessary to determine the cash and fund balance for each major fund and the aggregate remaining funds.

K. INVENTORY

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

L. 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.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

M. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more and estimated useful lives of greater than five years 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 following estimated useful lives:

Equipment and Furniture	5-10 years
Computer Equipment	5-10 years

N. COMPENSATED ABSENCES

Noncertified and certified employees who work 12 calendar months can earn up to 20 vacation days for a full year of service. 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. Because salaries are grant funded from year to year, all vacation time must be used before the end of the fiscal year. An employee may request that a maximum of five days of unused vacation be carried over to the next fiscal year. The Regional Office did not grant any such requests at June 30, 2010 and 2011; therefore no vacation accruals have been made.

Employees receive up to 10 sick days annually and the unused portion is accumulated up to 30 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.

O. BUDGET INFORMATION

The Regional Office of Education #4 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Gifted Education, McKinney-Vento Homeless Children and Youth, Regional Safe Schools, ROE/ISC Operations, Teachers & Administrators Mentoring, Technology for Success, Title I – Reading First Part B SEA, Title I – School Improvement & Accountability, Title III – Professional Development, and Truants Alternative.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – CASH

The Regional Office of Education #4 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7. It is the policy of the Regional Office to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Regional Office and conforming to all State statutes governing the investment of public funds. This policy includes all funds under the care and control of the Regional Superintendent of Schools.

A. DEPOSITS

At June 30, 2011, the carrying amounts of the Regional Office of Education #4's government-wide fund and agency fund deposits were \$3,592,893 and \$859,006, respectively, and the bank balances were \$4,369,697 and \$84,369, respectively. Of the total bank balances as of June 30, 2011, \$369,087 was secured by federal depository insurance, and \$4,084,979 was fully collateralized and/or backed by the full faith and credit of the U.S. Treasury.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education #4's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #4's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #4.

B. INVESTMENTS

The Regional Office of Education #4 has a formal investment policy that permits it to invest only in certain instruments, including, among others, securities guaranteed by the full faith and credit of the United States of America as to principal and interest; bonds, notes, and similar obligations of the United States of America; interest-bearing deposits or other direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1 et seq.; short-term obligations of U.S. corporations with assets exceeding \$500,000,000 if they are rated at the time of purchase at one of the three highest classifications by at least two standard rating services, if they do not exceed 10% of the corporation's outstanding obligations, and if no more than one-third of the Regional Office's funds are invested in commercial paper; and certain money market mutual funds registered under the Federal Investment Company Act of 1940, 14 U.S.C. ¶ 80a-1 et seq. As of June 30, 2011, the Regional Office of Education #4 had investments with carrying and fair values of \$210,981 invested in the Illinois Funds Money Market Fund.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – CASH (Concluded)

B. INVESTMENTS (Concluded)

CREDIT RISK

At June 30, 2011, 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.

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.

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.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #4's defined-benefit pension plan for Regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #4's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

Funding Policy. As set by statute, the Regional Office of Education #4’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2010 was 19.65 percent. The Regional Office of Education #4 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2010 was \$94,745.

THREE-YEAR TREND INFORMATION

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	\$ 94,745	100%	\$ 0
12/31/09	35,111	100%	0
12/31/08	16,453	100%	0

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #4’s plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #4’s plan’s unfunded actuarial accrued liability at December 31, 2008, is being amortized as a level percentage of projected payroll on an open 10-year basis.

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Regional Office’s Regular plan was 67.93 percent funded. The actuarial accrued liability for benefits was \$1,476,015 and the actuarial value of assets was \$1,002,729, resulting in an underfunded actuarial accrued liability (UAAL) of \$473,286. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$482,162, and the ratio of the UAAL to the covered payroll was 98 percent.

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.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

The Regional Office of Education #4 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined-benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The State of Illinois maintains 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 nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2011, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and 2009.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #4’s TRS-covered employees.

- **On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #4. For the year ended June 30, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #4 recognized revenue and expenditures of \$464,482 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$451,418) and 17.08 percent (\$310,352), respectively.

The Regional Office of Education #4 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2011, were \$11,343. Contributions for the years ending June 30, 2010 and 2009, were \$11,277 and \$10,239, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #4, there is a statutory requirement for the Regional Office of Education #4 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer pension contribution was 23.38 and 17.08 percent of salaries paid from those funds, respectively. For the year ended June 30, 2011, salaries totaling \$136,381 were paid from federal and special trust funds that required employer contributions of \$31,504. For the years ended June 30, 2010 and 2009, required Regional Office of Education #4 contributions were \$47,910 and \$7,321, respectively.

- **Early retirement option.** The Regional Office of Education #4 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.

The maximum employer ERO contribution is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2011, the Regional Office of Education #4 paid \$28,403 to TRS for employer contributions to the ERO program. For the years ended, June 30, 2010 and 2009, the Regional Office of Education #4 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education #4 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Regional Office of Education #4 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2011, the Regional Office of Education #4 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2010 and 2009, the Regional Office of Education #4 paid no employer contributions due on salary increases in excess of 6 percent.

If the Regional Office of Education #4 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 #4 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511).

For the year ended June 30, 2011, the Regional Office of Education #4 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2010 and 2009, the Regional Office of Education #4 paid no employer contributions granted for sick leave days.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011. The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY

The Regional Office of Education #4 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined-benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants may participate in the State-administered participating provider option plan or choose from several managed care options.

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

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

On-behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #4. State contributions are intended to match contributions to THIS Fund from active members, which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$17,210, and the Regional Office of Education #4 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2010 were 0.84 percent of pay. State contributions on behalf of the Regional Office of Education #4 employees were \$16,332.

Had the Regional Office of Education #4 recognized revenue and expenditures for State contributions intended to match active member contributions during the year ended June 30, 2009, under the current standards, the contribution match would have been 0.84 percent of pay, or \$15,263.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY (Concluded)

Employer contributions to THIS Fund. The Regional Office of Education #4 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011, and 0.63 percent during the years ended June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the Regional Office of Education #4 paid \$12,907 to the THIS Fund. For the years ended June 30, 2010 and 2009, the Regional Office paid \$12,249 and \$11,447 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 6 – OPERATING LEASES

The Regional Office of Education #4 leases classroom and office space from various parties. During fiscal year 2011, the Regional Office of Education #4 leased classroom and office space located at 410 8th Street, Rockford, Illinois, from the Bethany United Methodist Church for \$2,500 per month. The lease term was from August 1, 2009, to July 31, 2010. The lease was renewed for the period August 1, 2010, to July 31, 2011. This lease was also renewed for the upcoming fiscal year.

The Regional Office of Education #4 also leased classrooms and office space located at 612 South 5th Street, Rockford, Illinois, for the Regional Learning Academy from Patriots' Gateway Center. The lease term was from August 1, 2009, to August 1, 2010; rent is \$6,200 per month. This lease was not renewed.

The Regional Office of Education #4 leased classrooms and office space located at 215 North Court Street, Rockford, Illinois, for the Regional Learning Academy from the Court Street United Methodist Church. The lease term is from June 15, 2010, to June 30, 2013; rent is \$5,800 per month, with a 3% increase in the second year and a 3% increase in the third year of the lease term.

The Regional Office of Education #4 leased classrooms and office space located at Logan Elementary School, 620 Logan Avenue, Belvidere, Illinois, from John C. Kollak. The lease term was from September 1, 2009, to August 31, 2010; rent was \$1,150 per month. This lease was renewed for the period from September 1, 2010, to August 31, 2011; rent during this period is \$1,050 per month.

The Regional Office of Education #4 leased the southeast wing, six additional rooms, and a storage area in the building at 100 Heart Boulevard, Loves Park, Illinois, from the City of Loves Park. The lease runs from August 1, 2006, to July 31, 2011; rent is \$3,800 per month. The Regional Office has renewed this lease for an additional five years at the same monthly rent.

The Regional Office of Education #4 also leased classrooms and office space from Rock Valley College located at 6279 28th Avenue, Rockford, Illinois. The lease ran from July 1, 2010, to June 30, 2011; rent was \$4,991 per year. The Regional Office has the option and intends to renew this lease for the upcoming fiscal year.

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – OPERATING LEASES (Concluded)

Rent expense for the year ended June 30, 2011, was \$169,191. Future minimum rentals are as follows for the years ending June 30:

2012	\$ 147,288
2013	119,439
2014	45,600
2015	45,600
2016 and thereafter	<u>49,400</u>
	<u>\$ 407,327</u>

NOTE 7 – RISK MANAGEMENT

The Regional Office of Education #4 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 Regional Office of Education #4 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 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #4 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, 2011:

	Balance 07/01/10	Additions	Disposals	Balance 06/30/11
Governmental Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 176,181	\$ 9,540	\$ -	\$ 185,721
Less Accumulated Depreciation for:				
Computers and Equipment	<u>(143,526)</u>	<u>(13,842)</u>	<u>-</u>	<u>(157,368)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 32,655</u>	<u>\$ (4,302)</u>	<u>\$ -</u>	<u>\$ 28,353</u>
Business-Type Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 5,298	\$ -	\$ -	\$ 5,298
Less Accumulated Depreciation for:				
Computers and Equipment	<u>(3,268)</u>	<u>(1,060)</u>	<u>-</u>	<u>(4,328)</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 2,030</u>	<u>\$ (1,060)</u>	<u>\$ -</u>	<u>\$ 970</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 8 – CAPITAL ASSETS (Concluded)

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, 2011, of \$13,842 and \$1,060 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 9 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2011, consist of the following individual due to/from other funds in the Governmental Fund Balance Sheet and the Proprietary Fund Statement of Net Assets. The balances between governmental funds, but not those between governmental and proprietary funds, were eliminated in the government-wide Statement of Net Assets.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,261,575	\$ 60,673
Education Fund	-	1,200,902
Nonmajor Special Revenue Fund	-	50,336
Proprietary Fund	50,336	-
Totals	<u>\$ 1,311,911</u>	<u>\$ 1,311,911</u>

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2011, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 14,667
Education Fund	12,667	-
Nonmajor Special Revenue Funds	2,000	81,474
Proprietary Fund	81,474	-
	<u>\$ 96,141</u>	<u>\$ 96,141</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 10 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #4:

Regional Superintendent Salary	\$ 100,762
Assistant Regional Superintendent Salary	90,686
Regional Superintendent Benefits (Includes State-paid insurance)	20,888
Assistant Regional Superintendent Benefits (Includes State paid insurance)	16,341
TRS Pension Contribution	464,482
Teachers' Health Insurance Security Contribution	<u>17,210</u>
 Total	 <u>\$ 710,369</u>

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

These amounts have been recorded in the accompanying financial statements as state revenues and expenditures.

Boone and Winnebago Counties provide the Regional Office with staff and pay certain expenditures on behalf of the Regional Office. The expenditures paid on the Regional Office of Education #4's behalf for the year ended June 30, 2011, were as follows:

Boone County	
Administrative support	\$ 78,783
IMRF/FICA	6,621
Workers' Compensation	<u>984</u>
Total Boone County	<u>86,388</u>
 Winnebago County	
Salaries & benefits	240,378
Purchased services & supplies	<u>111,748</u>
Total Winnebago County	<u>352,126</u>
 Total Local On-Behalf Payments	 <u>\$ 438,514</u>

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

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 11 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net assets and funds which overexpend appropriations during the year are required to be disclosed. The following funds had fund deficits as of June 30, 2011:

<u>Fund</u>	<u>Amount</u>
General Fund	
Regional Attendance Cooperative	\$ 60,673
Education Fund	
Regional Safe Schools	20,492
Technology for Success	11,415
Title I - School Improvement & Accountability	137,474
Truants Alternative	28,470

NOTE 12 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #4's General Fund, Education Fund, and Agency Fund have funds due to/from various other governmental units which consist of the following:

Due from Other Governments:

<u>General Fund</u>	
Local Governments	\$ 684
Illinois State Board of Education	31,860
<u>Education Fund</u>	
Local Governments	102,706
Illinois State Board of Education	751,585
United States Department of Education	350,633
United States Department of Labor	8,969
Total	<u>\$ 1,246,437</u>

Due to Other Governments:

<u>Agency Fund</u>	
Local Governments	849,915
Illinois State Board of Education	2,909
United States Department of Education	6,182
Total	<u>\$ 859,006</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 – DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Regional Office of Education #4 did not recognize and disclose a liability for post-employment benefits other than pensions (OPEB) as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in their financial statements. Disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

The Regional Office has continued to account for post-employment benefits other than pensions on a pay-as-you-go basis, and these financial statements therefore exclude a liability for benefits employees have currently earned that will be paid at retirement.

NOTE 14 – RECLASSIFICATION AND RESTATEMENT

As a result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, at July 1, 2010, General State Aid (GSA) funding has been reclassified from the Education Fund to the General Fund and the ROE/ISC Operation grant has been reclassified from the General Fund to the Education Fund.

The Regional Office of Education #4 receives GSA from the Illinois State Board of Education based on attendance in the Regional Safe School and the Regional Alternative School. This funding supports the general operations of the Regional Safe School and the Regional Alternative School, and the Regional Office has historically reported this funding in the Education Fund with the Regional Safe School and Truant Alternative/Optional Education grant funding; however, GSA does not meet the committed or restricted criteria set forth in GASB 54 for special revenue funds. The ROE/ISC Operations grant which supports the general operations of the Regional Office has historically been reported the General Fund; however, because this funding is governed by a grant agreement with the grantor, the funding is restricted and is required to be reported as a special revenue fund. In prior years, the interest accrued on deposits associated with local workshop revenue was reported in the ROE/ISC Operations accounts. In the current year, this accrued interest was reclassified to the Local Workshops fund.

In prior years the Educational Service Center No. 1 had been reported as a nonmajor special revenue fund and the Regional Attendance Cooperative (RAC) and Standards Aligned Classroom (SAC) programs were reported in the Education Fund; however, under the new guidelines set forth in GASB 54, these activities are required to be reported as General Fund accounts.

In addition, in prior years the Payroll and the Audiovisual Co-op activities have been reported as agency funds; however, because these funds are accounting for the Regional Office of Education #4's own funds, they have both been reclassified to the General Fund accounts. There was no fund balance for the Payroll activities; therefore, this reclassification had no effect on the financial statements.

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 14 – RECLASSIFICATION AND RESTATEMENT (Continued)

In the prior year, the Regional Office of Education #4 reported the CEANCI Career & Technical Education Improvement (CTEI), Career & Technical Education – Perkins IV, and Agriculture Education programs in the Education Fund. However, in the current year CEANCI was determined to be an Agency Fund.

In prior years, the Regional Office of Education #4 did not record the balance of its investments in its accounting records. The balance as of June 30, 2011, of \$205,836 has been recorded as a prior-period adjustment to the General Fund.

The following is the effect of these reclassifications and restatements on the beginning net assets for the Governmental Activities; the beginning fund balances of the General Fund, Education Fund, and Nonmajor Special Revenue Funds; and the beginning cash and cash equivalents for the Proprietary Fund:

Governmental Activities Net Assets

Net Assets - July 1, 2010	\$ 3,788,806
Effect of reclassifying Audiovisual Co-op	24,309
Effect of reclassifying CEANCI	(49,048)
Effect of reclassifying accrued interest to Local Workshops	(124,849)
Effect of prior-period adjustment to General Operations	205,836
Net Assets, Restated - July 1, 2010	<u>\$ 3,845,054</u>

General Fund:

Fund Balance - July 1, 2010	\$ 422,272
Effect of reclassifying General State Aid funding	2,870,981
Effect of reclassifying Educational Service Center No. 1	139,199
Effect of reclassifying RAC and SAC	12,412
Effect of reclassifying Audiovisual Co-op	24,309
Effect of reclassifying accrued interest to Local Workshops	(124,849)
Effect of prior-period adjustment to General Operations	205,836
Fund Balance, Restated - July 1, 2010	<u>\$ 3,550,160</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 14 – RECLASSIFICATION AND RESTATEMENT (Concluded)

Education Fund:

Fund Balance - July 1, 2010	\$ 2,609,063
Effect of reclassifying General State Aid funding	(2,870,981)
Effect of reclassifying RAC and SAC	(12,412)
Effect of reclassifying CEANCI	31,100
Fund Balance, Restated - July 1, 2010	<u>\$ (243,230)</u>

Nonmajor Special Revenue Funds:

Fund Balance - July 1, 2010	\$ 419,449
Effect of reclassifying Educational Service Center No. 1	(139,199)
Fund Balance, Restated - July 1, 2010	<u>\$ 280,250</u>

Proprietary Fund:

Net Assets - July 1, 2010	\$ 1,143,977
Effect of reclassifying accrued interest from the General Fund	124,849
Net Assets, Restated - July 1, 2010	<u>\$ 1,268,826</u>

Cash and Cash Equivalents - July 1, 2010	\$ 1,117,908
Effect of reclassifying accrued interest from the General Fund	124,849
Cash and Cash Equivalents, Restated - July 1, 2010	<u>\$ 1,242,757</u>

NOTE 15 – SUBSEQUENT EVENT

For fiscal year 2012, the Governor of Illinois vetoed the appropriation line for the Regional Superintendent's and Assistant Regional Superintendent's salaries and benefits, as well as the appropriation line for the Regional Office's general operations grant. The Regional Superintendent's and Assistant Regional Superintendent's salaries were reinstated in November 2011 for one year only, to be paid from corporate personal property replacement tax funds, and the general operations grant has been reinstated but at a lower level. The effect of these funding cuts on the Regional Office's long-term ability to continue to provide services at their current level is unknown.

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

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
JUNE 30, 2011

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)
12/31/10	\$ 1,002,729	\$ 1,476,015	\$ 473,286	67.93%	\$ 482,162	98.16%
12/31/09	1,101,713	1,531,016	429,303	71.96%	426,628	100.63%
12/31/08	1,052,975	1,446,654	393,679	72.79%	426,240	92.36%

On a market value basis, the actuarial value of assets as of December 31, 2010, is \$1,091,196.

On a market basis, the funded ratio would be 73.93%.

OTHER SUPPLEMENTARY INFORMATION

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2011

	Audiovisual Co-op	Educational Service Center No. 1	General Operations	Payroll	Regional Attendance Cooperative
ASSETS					
Cash and cash equivalents	\$ 17,557	\$ 139,969	\$ 509,533	\$ 120,982	\$ -
Due from other funds	-	-	-	-	-
Due from other governments					
Local	-	-	684	-	-
State	-	-	-	-	-
TOTAL ASSETS	\$ 17,557	\$ 139,969	\$ 510,217	\$ 120,982	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 120,982	\$ -
Due to other funds	-	-	-	-	60,673
Total Liabilities	-	-	-	120,982	60,673
FUND BALANCE (DEFICIT)					
Assigned	17,557	139,969	-	-	-
Unassigned	-	-	510,217	-	(60,673)
Total Fund Balance (Deficit)	17,557	139,969	510,217	-	(60,673)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 17,557	\$ 139,969	\$ 510,217	\$ 120,982	\$ -

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2011

	Regional Alternative School - GSA	Regional Learning Center - GSA	Standards Aligned Classroom	TOTALS
ASSETS				
Cash and cash equivalents	\$ 892,725	\$ 246,498	\$ 29,029	\$ 1,956,293
Due from other funds	-	1,261,575	-	1,261,575
Due from other governments				
Local	-	-	-	684
State	-	31,860	-	31,860
TOTAL ASSETS	\$ 892,725	\$ 1,539,933	\$ 29,029	\$ 3,250,412
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 120,982
Due to other funds	-	-	-	60,673
Total Liabilities	-	-	-	181,655
FUND BALANCE (DEFICIT)				
Assigned	892,725	1,539,933	29,029	2,619,213
Unassigned	-	-	-	449,544
Total Fund Balance (Deficit)	892,725	1,539,933	29,029	3,068,757
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 892,725	\$ 1,539,933	\$ 29,029	\$ 3,250,412

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	Audiovisual Co-op	Educational Service Center No. 1	General Operations	Payroll	Regional Attendance Cooperative
REVENUES					
Local sources	\$ 4,019	\$ -	\$ 67,336	\$ -	\$ 101,437
On-behalf payments - Local	-	-	438,514	-	-
State sources	-	-	-	-	-
On-behalf payments - State	-	-	710,369	-	-
Total Revenues	4,019	-	1,216,219	-	101,437
EXPENDITURES					
Salaries and benefits	8,828	-	-	17,714	23,841
Purchased services	-	-	54,207	-	5,142
Supplies and materials	1,943	-	5,758	-	514
Other objects	-	-	948	-	-
Payments to governments	-	-	-	-	101,286
On-behalf expenditures - Local	-	-	438,514	-	-
On-behalf expenditures - State	-	-	710,369	-	-
Total Expenditures	10,771	-	1,209,796	17,714	130,783
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,752)	-	6,423	(17,714)	(29,346)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Interest income	-	770	535	17,714	-
Total Other Financing Sources (Uses)	-	770	535	17,714	-
NET CHANGE IN FUND BALANCE	(6,752)	770	6,958	-	(29,346)
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED	24,309	139,199	503,259	-	(31,327)
FUND BALANCE (DEFICIT) - ENDING	\$ 17,557	\$ 139,969	\$ 510,217	\$ -	\$ (60,673)

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	Regional Alternative School - GSA	Regional Learning Center - GSA	Standards Aligned Classroom	TOTALS
REVENUES				
Local sources	\$ -	\$ 212,337	\$ -	\$ 385,129
On-behalf payments - Local	-	-	-	438,514
State sources	560,469	579,188	-	1,139,657
On-behalf payments - State	-	-	-	710,369
Total Revenues	560,469	791,525	-	2,673,669
EXPENDITURES				
Salaries and benefits	391,026	1,004,087	-	1,445,496
Purchased services	29,262	189,633	12,500	290,744
Supplies and materials	16,064	135,813	2,210	162,302
Other objects	-	24,154	-	25,102
Payments to governments	-	-	-	101,286
On-behalf expenditures - Local	-	-	-	438,514
On-behalf expenditures - State	-	-	-	710,369
Total Expenditures	436,352	1,353,687	14,710	3,173,813
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	124,117	(562,162)	(14,710)	(500,144)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(14,667)	-	(14,667)
Interest income	4,290	10,099	-	33,408
Total Other Financing Sources (Uses)	4,290	(4,568)	-	18,741
NET CHANGE IN FUND BALANCE	128,407	(566,730)	(14,710)	(481,403)
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED	764,318	2,106,663	43,739	3,550,160
FUND BALANCE (DEFICIT) - ENDING	\$ 892,725	\$ 1,539,933	\$ 29,029	\$ 3,068,757

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2011

	Gifted Education	McKinney-Vento Homeless Children and Youth	Preschool for All	Principal Mentoring	Regional Alternative School - ARRA Education Jobs
ASSETS					
Cash and cash equivalents	\$ 7	\$ -	\$ -	\$ -	\$ -
Due from other governments:					
Local	-	-	-	-	-
State	-	-	28,188	68,750	-
Federal	-	23,958	-	-	-
TOTAL ASSETS	\$ 7	\$ 23,958	\$ 28,188	\$ 68,750	\$ -
LIABILITIES					
Due to other funds	\$ -	\$ 23,958	\$ 28,188	\$ 61,312	\$ -
Deferred revenue	7	-	-	-	-
Total Liabilities	7	23,958	28,188	61,312	-
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	7,438	-
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	7,438	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 7	\$ 23,958	\$ 28,188	\$ 68,750	\$ -

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2011

	Regional Learning Academy - ARRA Education Jobs	Regional Learning Center - ARRA Education Jobs	Regional Safe Schools	ROE/ISC Operations	Teachers & Administrators Mentoring
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments:					
Local	-	-	-	102,706	-
State	-	-	245,914	-	-
Federal	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ 245,914	\$ 102,706	\$ -
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 245,914	\$ 102,706	\$ -
Deferred revenue	-	-	20,492	-	-
Total Liabilities	-	-	266,406	102,706	-
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	-	-
Unassigned	-	-	(20,492)	-	-
Total Fund Balance (Deficit)	-	-	(20,492)	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ -	\$ 245,914	\$ 102,706	\$ -

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2011

	Technology for Success	Title I - Reading First Part B SEA	Title I - School Improvement & Accountability	Title II - Teacher Quality	Title III - Professional Development
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,954	\$ -
Due from other governments:					
Local	-	-	-	-	-
State	68,499	-	-	-	-
Federal	-	-	326,675	-	-
TOTAL ASSETS	\$ 68,499	\$ -	\$ 326,675	\$ 2,954	\$ -
LIABILITIES					
Due to other funds	\$ 68,499	\$ -	\$ 326,675	\$ -	\$ -
Deferred revenue	11,415	-	137,474	2,954	-
Total Liabilities	79,914	-	464,149	2,954	-
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	-	-
Unassigned	(11,415)	-	(137,474)	-	-
Total Fund Balance (Deficit)	(11,415)	-	(137,474)	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 68,499	\$ -	\$ 326,675	\$ 2,954	\$ -

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2011

	Truants Alternative	Workforce Investment Act	TOTALS
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 2,961
Due from other governments:			
Local	-	-	102,706
State	340,234	-	751,585
Federal	-	8,969	359,602
TOTAL ASSETS	\$ 340,234	\$ 8,969	\$ 1,216,854
LIABILITIES			
Due to other funds	\$ 334,681	\$ 8,969	\$ 1,200,902
Deferred revenue	34,023	-	206,365
Total Liabilities	368,704	8,969	1,407,267
FUND BALANCE (DEFICIT)			
Restricted	-	-	7,438
Unassigned	(28,470)	-	(197,851)
Total Fund Balance (Deficit)	(28,470)	-	(190,413)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 340,234	\$ 8,969	\$ 1,216,854

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	Gifted Education	McKinney-Vento Homeless Children and Youth	Preschool for All	Principal Mentoring	Regional Alternative School - ARRA Education Jobs
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	237,714	-	41,355	100,362	-
Federal sources	-	95,831	-	-	51,031
Total Revenues	<u>237,714</u>	<u>95,831</u>	<u>41,355</u>	<u>100,362</u>	<u>51,031</u>
EXPENDITURES					
Salaries and benefits	20,291	25,440	-	-	51,031
Purchased services	86,175	249	28,188	95,432	-
Supplies and materials	97,248	40	-	3,359	-
Other objects	-	-	-	40	-
Capital outlay	-	-	-	-	-
Payments to other governments	34,000	70,102	-	-	-
Total Expenditures	<u>237,714</u>	<u>95,831</u>	<u>28,188</u>	<u>98,831</u>	<u>51,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>13,167</u>	<u>1,531</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	149	-	-
Transfers out	-	-	-	-	-
Interest income	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>149</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	13,316	1,531	-
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED	<u>-</u>	<u>-</u>	<u>(13,316)</u>	<u>5,907</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,438</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	Regional Learning Academy - ARRA Education Jobs	Regional Learning Center - ARRA Education Jobs	Regional Safe Schools	ROE/ISC Operations	Teachers & Administrators Mentoring
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	359,585	272,986	25,993
Federal sources	25,961	26,641	-	-	-
Total Revenues	<u>25,961</u>	<u>26,641</u>	<u>359,585</u>	<u>272,986</u>	<u>25,993</u>
EXPENDITURES					
Salaries and benefits	25,961	26,641	245,914	194,626	3,939
Purchased services	-	-	-	41,516	5,888
Supplies and materials	-	-	-	26,653	824
Other objects	-	-	-	651	-
Capital outlay	-	-	-	9,540	-
Payments to other governments	-	-	-	-	13,350
Total Expenditures	<u>25,961</u>	<u>26,641</u>	<u>245,914</u>	<u>272,986</u>	<u>24,001</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>113,671</u>	<u>-</u>	<u>1,992</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Interest income	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	113,671	-	1,992
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED	<u>-</u>	<u>-</u>	<u>(134,163)</u>	<u>-</u>	<u>(1,992)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,492)</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	Technology for Success	Title I - Reading First Part B SEA	Title I - School Improvement & Accountability	Title II - Teacher Quality	Title III - Professional Development
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	133,768	-	-	-	-
Federal sources	-	43,708	1,482,997	-	2,001
Total Revenues	<u>133,768</u>	<u>43,708</u>	<u>1,482,997</u>	<u>-</u>	<u>2,001</u>
EXPENDITURES					
Salaries and benefits	120,706	560	441,463	-	-
Purchased services	7,586	34,683	548,205	-	-
Supplies and materials	13,494	8,465	49,422	-	-
Other objects	-	-	-	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	581,381	-	-
Total Expenditures	<u>141,786</u>	<u>43,708</u>	<u>1,620,471</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,018)</u>	<u>-</u>	<u>(137,474)</u>	<u>-</u>	<u>2,001</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Interest income	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(8,018)	-	(137,474)	-	2,001
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED	<u>(3,397)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,001)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (11,415)</u>	<u>\$ -</u>	<u>\$ (137,474)</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	Truants Alternative	Workforce Investment Act	TOTALS
REVENUES			
Local sources	\$ 6,000	\$ -	\$ 6,000
State sources	390,967	-	1,562,730
Federal sources	-	44,381	1,772,551
Total Revenues	<u>396,967</u>	<u>44,381</u>	<u>3,341,281</u>
EXPENDITURES			
Salaries and benefits	271,359	38,675	1,466,606
Purchased services	66,454	8,045	922,421
Supplies and materials	2,864	671	203,040
Other objects	-	-	691
Capital outlay	-	-	9,540
Payments to other governments	-	-	698,833
Total Expenditures	<u>340,677</u>	<u>47,391</u>	<u>3,301,131</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>56,290</u>	<u>(3,010)</u>	<u>40,150</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	8,370	4,148	12,667
Transfers out	-	-	-
Interest income	-	-	-
Total Other Financing Sources (Uses)	<u>8,370</u>	<u>4,148</u>	<u>12,667</u>
NET CHANGE IN FUND BALANCE	64,660	1,138	52,817
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED	<u>(93,130)</u>	<u>(1,138)</u>	<u>(243,230)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (28,470)</u>	<u>\$ -</u>	<u>\$ (190,413)</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of May 20, 2009 to August 31, 2010)
 EDUCATION FUND ACCOUNT
 GIFTED EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 154,421	\$ 154,421	\$ 237,714
Total Revenue	<u>154,421</u>	<u>154,421</u>	<u>237,714</u>
EXPENDITURES			
Salaries and benefits	21,597	20,676	20,291
Purchased services	22,052	40,848	86,175
Supplies and materials	50,772	36,397	97,248
Payments to other governments	60,000	56,500	34,000
Total Expenditures	<u>154,421</u>	<u>154,421</u>	<u>237,714</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of May 20, 2009 to August 31, 2010)
 EDUCATION FUND ACCOUNT
 MCKINNEY-VENTO HOMELESS CHILDREN AND YOUTH
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 95,831	\$ 95,831	\$ 95,831
Total Revenue	<u>95,831</u>	<u>95,831</u>	<u>95,831</u>
EXPENDITURES			
Salaries and benefits	23,699	23,699	25,440
Purchased services	249	249	249
Supplies and materials	-	1,543	40
Payments to other governments	71,883	70,340	70,102
Total Expenditures	<u>95,831</u>	<u>95,831</u>	<u>95,831</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2010 to June 30, 2011)
 EDUCATION FUND ACCOUNT
 REGIONAL SAFE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 245,914	\$ 245,914	\$ 359,585
Total Revenue	<u>245,914</u>	<u>245,914</u>	<u>359,585</u>
EXPENDITURES			
Salaries and benefits	<u>245,914</u>	<u>245,914</u>	<u>245,914</u>
Total Expenditures	<u>245,914</u>	<u>245,914</u>	<u>245,914</u>
NET CHANGE IN FUND BALANCE	-	-	113,671
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(134,163)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,492)</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 146,495	\$ 266,674	\$ 272,986
Total Revenue	<u>146,495</u>	<u>266,674</u>	<u>272,986</u>
EXPENDITURES			
Salaries and benefits	131,037	189,605	194,626
Purchased services	13,333	44,536	41,516
Supplies and materials	1,200	17,233	26,653
Other objects	925	800	651
Capital outlay	-	14,500	9,540
Total Expenditures	<u>146,495</u>	<u>266,674</u>	<u>272,986</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of October 1, 2009 to August 31, 2010)
 EDUCATION FUND ACCOUNT
 TEACHERS & ADMINISTRATORS MENTORING
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY10	FY11	
REVENUE					
State	\$ 43,922	\$ 43,922	\$ 62,611	\$ 25,993	\$ 88,604
Total Revenue	<u>43,922</u>	<u>43,922</u>	<u>62,611</u>	<u>25,993</u>	<u>88,604</u>
EXPENDITURES					
Salaries and benefits	13,137	13,137	31,624	3,939	35,563
Purchased services	9,235	9,235	12,064	5,888	17,952
Supplies and materials	1,400	1,400	2,237	824	3,061
Payments to other governments	20,150	20,150	18,678	13,350	32,028
Total Expenditures	<u>43,922</u>	<u>43,922</u>	<u>64,603</u>	<u>24,001</u>	<u>88,604</u>
NET CHANGE IN FUND BALANCE	-	-	(1,992)	1,992	-
FUND BALANCE (DEFICIT) - BEGINNING	-	-	-	(1,992)	-
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,992)</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2009 to September 30, 2010)
EDUCATION FUND ACCOUNT
TECHNOLOGY FOR SUCCESS
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 125,583	\$ 172,583	\$ 133,768
Total Revenue	<u>125,583</u>	<u>172,583</u>	<u>133,768</u>
EXPENDITURES			
Salaries and benefits	119,165	134,203	120,706
Purchased services	5,290	18,509	7,586
Supplies and materials	1,128	7,356	13,494
Capital outlay	-	6,900	-
Payments to other governments	-	5,615	-
Total Expenditures	<u>125,583</u>	<u>172,583</u>	<u>141,786</u>
NET CHANGE IN FUND BALANCE	-	-	(8,018)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(3,397)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,415)</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of March 22, 2010 to August 31, 2010)
 EDUCATION FUND ACCOUNT
 TITLE I - READING FIRST PART B SEA
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY10	FY11	
REVENUE					
Federal	\$ 71,165	\$ 71,165	\$ 27,456	\$ 43,708	\$ 71,164
Total Revenue	<u>71,165</u>	<u>71,165</u>	<u>27,456</u>	<u>43,708</u>	<u>71,164</u>
EXPENDITURES					
Salaries and benefits	2,873	2,873	2,786	560	3,346
Purchased services	52,811	52,811	17,167	34,683	51,850
Supplies and materials	14,131	14,131	7,503	8,465	15,968
Payments to other governments	1,350	1,350	-	-	-
Total Expenditures	<u>71,165</u>	<u>71,165</u>	<u>27,456</u>	<u>43,708</u>	<u>71,164</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNT
TITLE I - SCHOOL IMPROVEMENT & ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 1,740,126	\$ 1,755,626	\$ 1,482,997
Total Revenue	<u>1,740,126</u>	<u>1,755,626</u>	<u>1,482,997</u>
EXPENDITURES			
Salaries and benefits	338,833	292,983	441,463
Purchased services	665,186	429,046	548,205
Supplies and materials	58,555	24,855	49,422
Payments to other governments	677,552	995,742	581,381
Indirect cost	-	13,000	-
Total Expenditures	<u>1,740,126</u>	<u>1,755,626</u>	<u>1,620,471</u>
NET CHANGE IN FUND BALANCE	-	-	(137,474)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (137,474)</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2010 to June 30, 2011)
 EDUCATION FUND ACCOUNT
 TITLE III - PROFESSIONAL DEVELOPMENT
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY10	FY11	
REVENUE					
Federal	\$ 6,000	\$ 6,000	\$ 4,000	\$ 2,001	\$ 6,001
Total Revenue	<u>6,000</u>	<u>6,000</u>	<u>4,000</u>	<u>2,001</u>	<u>6,001</u>
EXPENDITURES					
Purchased services	3,650	2,500	2,451	-	2,451
Supplies and materials	2,350	3,500	3,550	-	3,550
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>6,001</u>	<u>-</u>	<u>6,001</u>
NET CHANGE IN FUND BALANCE	-	-	(2,001)	2,001	-
FUND BALANCE (DEFICIT) - BEGINNING	-	-	-	(2,001)	-
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,001)</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2010 to June 30, 2011)
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Local	\$ -	\$ -	\$ 6,000
State	340,234	340,234	390,967
Total Revenue	<u>340,234</u>	<u>340,234</u>	<u>396,967</u>
EXPENDITURES			
Salaries and benefits	260,429	260,429	271,359
Purchased services	72,965	72,965	66,454
Supplies and materials	6,840	6,840	2,864
Total Expenditures	<u>340,234</u>	<u>340,234</u>	<u>340,677</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>56,290</u>
OTHER FINANCING SOURCES:			
Transfer in	<u>-</u>	<u>-</u>	<u>8,370</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>8,370</u>
NET CHANGE IN FUND BALANCE	-	-	64,660
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(93,130)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,470)</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Institute</u>	<u>TOTALS</u>
ASSETS					
Cash and cash equivalents	\$ 192,823	\$ 28,835	\$ 2,234	\$ 97,795	\$ 321,687
TOTAL ASSETS	<u>\$ 192,823</u>	<u>\$ 28,835</u>	<u>\$ 2,234</u>	<u>\$ 97,795</u>	<u>\$ 321,687</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 50,336	\$ 50,336
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,336</u>	<u>50,336</u>
FUND BALANCES					
Restricted	<u>192,823</u>	<u>28,835</u>	<u>2,234</u>	<u>47,459</u>	<u>271,351</u>
Total Fund Balances	<u>192,823</u>	<u>28,835</u>	<u>2,234</u>	<u>47,459</u>	<u>271,351</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 192,823</u>	<u>\$ 28,835</u>	<u>\$ 2,234</u>	<u>\$ 97,795</u>	<u>\$ 321,687</u>

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Education Development	Bus Driver Training	Supervisory	Institute	TOTALS
REVENUES					
Local sources	\$ 95,521	\$ 6,836	\$ 24	\$ 78,933	\$ 181,314
State sources	-	2,036	-	-	2,036
Total Revenues	<u>95,521</u>	<u>8,872</u>	<u>24</u>	<u>78,933</u>	<u>183,350</u>
EXPENDITURES					
Salaries and benefits	25,459	-	-	-	25,459
Purchased services	38,105	4,351	1,851	21,527	65,834
Supplies and materials	166	2,063	-	20,170	22,399
Total Expenditures	<u>63,730</u>	<u>6,414</u>	<u>1,851</u>	<u>41,697</u>	<u>113,692</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>31,791</u>	<u>2,458</u>	<u>(1,827)</u>	<u>37,236</u>	<u>69,658</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	2,000	-	2,000
Transfer out	-	-	-	(81,474)	(81,474)
Interest income	471	37	6	403	917
Total Other Financing Sources (Uses)	<u>471</u>	<u>37</u>	<u>2,006</u>	<u>(81,071)</u>	<u>(78,557)</u>
NET CHANGE IN FUND BALANCE	32,262	2,495	179	(43,835)	(8,899)
FUND BALANCE - BEGINNING, RESTATED	<u>160,561</u>	<u>26,340</u>	<u>2,055</u>	<u>91,294</u>	<u>280,250</u>
FUND BALANCE - ENDING	<u>\$ 192,823</u>	<u>\$ 28,835</u>	<u>\$ 2,234</u>	<u>\$ 47,459</u>	<u>\$ 271,351</u>

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<u>CAREER EDUCATION ASSOCIATES</u>				
<u>OF NORTH CENTRAL ILLINOIS</u>				
ASSETS				
Cash and cash equivalents	\$ 873,496	\$ 1,556,742	\$ 1,571,232	\$ 859,006
Total Assets	\$ 873,496	\$ 1,556,742	\$ 1,571,232	\$ 859,006
LIABILITIES				
Due to other governments	\$ 873,496	\$ 1,556,742	\$ 1,571,232	\$ 859,006
Total Liabilities	\$ 873,496	\$ 1,556,742	\$ 1,571,232	\$ 859,006

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	CEANCI	ROE #4	Total
General State Aid	\$ -	\$ 1,138,192	\$ 1,138,192
Career & Technical Ed Imp	764,889	-	764,889
Agricultural Education	11,200	-	11,200
State Free Brk & Lunch	-	1,152	1,152
School Breakfast Incentive	-	3	3
School Bus Driver Training	-	2,036	2,036
Truants Alternative Op Ed	-	211,881	211,881
Regional Safe Schools	-	223,605	223,605
ROE/ISC Operations	-	222,990	222,990
Technology for Success	-	118,884	118,884
Teacher & Administrators Mentoring	-	43,922	43,922
National School Lunch Program	-	1,822	1,822
School Breakfast Program	-	1,095	1,095
Title I - School Improvement	-	1,313,055	1,313,055
Title I - Read First Part B SEA	-	19,999	19,999
CTE Perkins	795,143	-	795,143
ARRA - Title I - School Improvement	-	194,706	194,706
ARRA-Education Jobs Fund	-	103,633	103,633
Other Federal Programs	-	2,000	2,000
TOTAL	\$ 1,571,232	\$ 3,598,975	\$ 5,170,207

FEDERAL COMPLIANCE SECTION

BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION #4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/Pass-Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/10-6/30/11</u>
US Department of Education passed through Illinois State Board of Education			
Reading First State Grants			
Title I - Reading First Part B SEA	84.357A	10-4337-00	\$ 43,708
Title I Part A Cluster			
Title I Grants to Local Educational Agencies -			
Title I - School Improvement and Accountability	84.010A	11-4331-SS	1,236,564
Title I Grants to Local Educational Agencies, Recovery Act			
Title I - School Improvement and Accountability (ARRA)	84.389A	11-4854-00	383,907
Total Title I Part A Cluster			<u>1,620,471</u>
English Language Acquisition Grants -			
Title III - Professional Development	84.365A	10-4999-PD	2,001
ARRA - Education Jobs Fund			
ARRA - Education Jobs Fund	84.410A	11-4880-92	25,961
ARRA - Education Jobs Fund	84.410A	11-4880-93	26,641
ARRA - Education Jobs Fund	84.410A	11-4880-95	51,031
Total ARRA - Education Jobs Fund			<u>103,633</u>
Total US Department of Education passed through Illinois State Board of Education			<u>1,769,813</u>
US Department of Education passed through Regional Office of Education #47			
McKinney-Vento Homeless Children and Youth	84.196A	11-4920-00	<u>95,831</u>
Total US Department of Education passed through Regional Office of Education #47			<u>95,831</u>
US Department of Labor passed through Rock River Training Corporation			
Workforce Investment Act (WIA) Youth Activities	17.259	2011	<u>44,381</u>
Total US Department of Labor passed through Rock River Training Corporation			<u>44,381</u>
Total Expenditures of Federal Awards			<u>\$ 1,910,025</u>

The accompanying notes are an integral part of this schedule.

BOONE/WINNEBAGO COUNTIES
 REGIONAL OFFICE OF EDUCATION #4
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Boone/Winnebago Counties Regional Office of Education #4 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Regional Office of Education #4 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
Title I – School Improvement & Accountability	84.010A	\$ 581,381
McKinney-Vento Homeless Children and Youth	84.196A	70,102

NOTE 3 – DESCRIPTION OF MAJOR FEDERAL PROGRAMS

Title I Part A Cluster (Title I – School Improvement & Accountability and Title I – School Improvement and Accountability – ARRA) – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #4 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

NOTE 4 – NON-CASH ASSISTANCE

None

NOTE 5 – AMOUNT OF INSURANCE

None

NOTE 6 – LOANS OR GUARANTEES OUTSTANDING

None