

**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, 2012**

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

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 JUNE 30, 2012

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BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2012

OFFICIALS

Regional Superintendent  
(Current and During the Audit Period)

Dr. Lori Fanello

Assistant Regional Superintendent  
(Current and During the Audit Period)

Dr. Linda Oshita

Office is located at:

300 Heart Blvd.  
Loves Park, IL 61111-7516

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2012

COMPLIANCE REPORT SUMMARY

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

AUDITOR'S REPORTS

The auditor's reports on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	3
Repeated audit findings	1	3
Prior recommendations implemented or not repeated	2	0

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

An additional 5 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> )			
12-01	12a	Controls Over Financial Statement Preparation	Material Weakness
FINDINGS AND QUESTIONED COSTS ( <i>FEDERAL COMPLIANCE</i> )			
12-02	13a	Subrecipient Monitoring and Reporting	Significant Deficiency and Noncompliance

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
JUNE 30, 2012

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

11-02	15	Departure from Generally Accepted Accounting Principle	Corrected
11-03	15	Segregation of Cash and Fund Balances	Corrected

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 December 7, 2012. Attending were Dr. Lori Fanello, Regional Superintendent; Dr. Linda Oshita, Assistant Regional Superintendent; Cyndy Sheetz, Administrative Assistant; Karen Kennedy, Grants Bookkeeper; Renee Barker, KIDS Bookkeeper; and Tami Knight, 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, 2012

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 an unqualified 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, 2012, 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.

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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #4, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2013, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Funding Progress, and Other Postemployment Benefits – Health Insurance Plan for Retired Employees Schedule of Funding Progress on pages 16a through 16f and 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boone/Winnebago Counties Regional Office of Education #4's financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
February 26, 2013



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, 2012, which collectively comprise the Regional Office of Education #4's basic financial statements and have issued our report thereon dated February 26, 2013. 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 preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 deficiency described in finding 12-01 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

#### 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 February 26, 2013.

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 the responses.

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  
February 26, 2013

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, 2012. 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 12-02.

## 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as finding 12-02. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 the responses.

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  
February 26, 2013

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
● Material weakness(es) identified?	Yes
● Significant deficiency(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?	Yes
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	Yes

Identification of **major** programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
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
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**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 12-01 – Controls over Financial Statement Preparation (Repeat of Finding 11-01 and 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, in our review of the Regional Office's accounting records, we 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 revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, no entries were provided to reconcile the Regional Office of Education #4's grant activity, such as posting grant receivables and deferred revenue.

**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:**

Current funding levels are not adequate to hire and/or train 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, 2012**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)**

**Finding No. 12-01 – Controls over Financial Statement Preparation (Concluded) (Repeat of Finding 11-01 and 10-01)**

**Auditor’s Recommendation:**

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #4 should implement a comprehensive preparation and/or review procedure to ensure 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 because 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. However, the Regional Office has also expended time and resources to remedy conditions underlying this finding. The Regional Office has implemented staffing changes to provide more checks and balances to our accounting processes and contracted with an outside Software Specialist to bring our accounting system into compliance with ISBE accounting standards and to train our staff. In addition, we contracted with an outside accounting firm to assist in preparing our trial balances in preparation for the FY12 audit. We will continue to work with the Software Specialist to ascertain our accounting program is up to date and our staff possesses the knowledge required to compile 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, 2012**

**SECTION III – FEDERAL AWARD FINDINGS**

**Finding 12-02 – Subrecipient Monitoring and Reporting**

**Federal Program Name:** Title I – Grants to Local Educational Agencies (Cluster)

**Project Number:** 4331-SS, 4854-SS

**CFDA Number:** 84.010A, 84.389A

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

**Federal Agency:** US Department of Education

**Criteria/Specific Requirement:**

According to OMB Circular A-133, Section 400(d), a pass-through entity must ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of Circular A-133 for that fiscal year. The pass-through entity must monitor the subrecipient’s annual audits and issue a management decision letter on audit findings related to federal funds received from the pass-through entity within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action. In addition, the pass-through entity must consider whether subrecipient audits necessitate adjustment of the pass-through entity’s own records.

In addition, the grant agreement between the Illinois State Board of Education and the Regional Office requires the Regional Office of Education #4 to submit expenditure reports by the 20<sup>th</sup> day of the month.

**Condition:**

The Regional Office of Education #4 had not followed up on a subrecipient’s FY10 audit, which contained a finding related to the Title I – Grants to Local Educational Agencies funding passed through the Regional Office where questioned costs in the amount of \$61,303 had been identified. The Illinois State Board of Education froze the Regional Office’s FY12 funding which alerted the Regional Office to the issue.

In addition, the Regional Office had not submitted the Title I – Grants to Local Educational Agencies expenditures by the 20<sup>th</sup> day of the month on 2 of 5 expenditure reports tested.

**Questioned Costs:**

\$61,303, which has already been remitted back to the Illinois State Board of Education.

None

**Context:**

The Regional Office has five subrecipients and disbursed \$489,016 of Title I – Grants to Local Educational Agencies funding to these subrecipients during fiscal year 2012.

The Regional Office filed the Title I – Grants to Local Educational Agencies June 30, 2012 and August 31, 2012 expenditure reports 3 days and 2 days late, respectively.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**SECTION III –FEDERAL AWARD FINDINGS (Continued)**

**Finding 12-02 – Subrecipient Monitoring and Reporting (Concluded)**

**Effect:**

The Regional Office’s FY12 funding was frozen. In addition, the Regional Office was responsible for repaying the questioned costs to the grantor from unrestricted funding and subsequently being reimbursed by the subrecipient.

The Regional Office was not in compliance with the filing requirements set forth in the grant agreement.

**Cause:**

The Regional Office of Education #4 was not aware of all subrecipient monitoring requirements under OMB Circular A-133, Section 400(d).

The Regional Office had a change in accounting personnel in May 2012.

**Recommendation:**

We recommend that the Regional Office of Education #4 implement monitoring procedures to ensure that all compliance requirements for subrecipient monitoring for federal award programs are met. Specifically, we recommend that the Regional Office obtain timely copies of subrecipients’ audit reports, review them for any findings or questioned cost that may affect the Regional Office’s own records, issue a Management Decision Letter when there is a finding related to a pass-through federal award, and follow up on any findings to ensure that the subrecipient takes appropriate and timely corrective action.

In addition we recommend that the Regional Office of Education #4 implement procedures to ensure all grant expenditure reports are submitted to the grantor by their due dates.

**Management’s Response:**

The Regional Office of Education accepts the recommendation. We will implement procedures to ensure all subrecipient audit reports are reviewed and appropriate notification is made in a timely manner.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**SECTION III –FEDERAL AWARD FINDINGS (Concluded)**

**INSTANCES OF NONCOMPLIANCE:**

1. Finding 12-02 – Subrecipient Monitoring and Reporting (finding details on pages 13a-b)

**SIGNIFICANT DEFICIENCY:**

1. Finding 12-02 – Subrecipient Monitoring and Reporting (finding details on pages 13a-b)

**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, 2012**

**Corrective Action Plan**

**Finding No. 12-01 – 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 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, in our review of the Regional Office's accounting records, we 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 revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, no entries were provided to reconcile the Regional Office of Education #4's grant activity, such as posting grant receivables and deferred revenue.

**Plan:**

The Regional Office will continue to work with the Software Specialist to ascertain our accounting program is up to date and our staff possesses the knowledge required to compile 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, 2012**

**Corrective Action Plan (Concluded)**

**Finding 12-02 – Subrecipient Monitoring and Reporting**

**Condition:**

The Regional Office of Education #4 had not followed up on a subrecipient's FY10 audit, which contained a finding related to the Title I – Grants to Local Educational Agencies funding passed through the Regional Office where questioned costs in the amount of \$61,303 had been identified. The Illinois State Board of Education froze the Regional Office's FY12 funding which alerted the Regional Office to the issue.

In addition, the Regional Office had not submitted the Title I – Grants to Local Educational Agencies expenditures by the 20<sup>th</sup> day of the month on 2 of 5 expenditure reports tested.

**Plan:**

We will implement procedures to ensure all subrecipient audit reports are reviewed and appropriate notification is made in a timely manner.

**Anticipated Date of Completion:**

June 30, 2013

**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, 2012**

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
11-01	Controls over Financial Statement Preparation	Repeated as 12-01
11-02	Departure from Generally Accepted Accounting Principle	Corrected
11-03	Segregation of Cash and Fund Balances	Corrected

## MANAGEMENT'S DISCUSSION AND ANALYSIS



**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

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, 2012, with comparative information for the year ended June 30, 2011. Readers are encouraged to consider the information in conjunction with the Regional Office of Education #4's basic financial statements.

**2012 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues decreased by \$13,348 (0.5%) from \$2,673,669 in FY 2011 to \$2,660,321 in FY 2012. General Fund expenditures decreased by \$116,234 (4%) from \$3,173,813 in FY 2011 to \$3,057,579 in FY 2012.
- Within the Governmental Funds, the Special Revenue Fund revenues decreased by \$386,535 (11%) from \$3,524,631 in FY 2011 to \$3,138,096 in FY 2012. The Special Revenue Fund expenditures decreased by \$147,683 (4%) from \$3,414,823 in FY 2011 to \$3,267,140 in FY 2012.
- The Enterprise Fund revenues increased by \$49,610 (8%) from \$616,876 in FY 2011 to \$666,486 in FY 2012. The Enterprise Fund expenditures increased by \$21,251 (3%) from \$620,225 (restated) in FY 2011 to \$641,482 in FY 2012.
- 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.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**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.

**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.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

- (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.
- (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 2012 and FY 2011 totaled \$4,461,558 and \$4,744,710 (see Note 15 for details of the current year restatement of this balance), respectively. The analysis that follows provides a summary of the Regional Office of Education #4's net assets as of June 30, 2012 and 2011.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 3,274,620	\$ 3,477,042	\$ 1,523,714	\$ 1,362,288	\$ 4,798,334	\$ 4,839,330
Capital assets, net	20,325	28,353	-	970	20,325	29,323
Total assets	<u>3,294,945</u>	<u>3,505,395</u>	<u>1,523,714</u>	<u>1,363,258</u>	<u>4,818,659</u>	<u>4,868,653</u>
Current liabilities	341,398	123,943	15,703	-	357,101	123,943
Total liabilities	<u>341,398</u>	<u>123,943</u>	<u>15,703</u>	<u>-</u>	<u>357,101</u>	<u>123,943</u>
Net assets:						
Invested in capital assets	20,325	28,353	-	970	20,325	29,323
Restricted for educational purposes	549,575	284,342	-	-	549,575	284,342
Unrestricted	2,383,647	3,068,757	1,508,011	1,362,288	3,891,658	4,431,045
Total net assets	<u>\$ 2,953,547</u>	<u>\$ 3,381,452</u>	<u>\$ 1,508,011</u>	<u>\$ 1,363,258</u>	<u>\$ 4,461,558</u>	<u>\$ 4,744,710</u>

The Regional Office of Education #4's net assets decreased by \$362,355 (7%) from FY 2011, which is lower than would be calculated from the above table due to a current year restatement detailed in Note 15. The decrease occurred in the governmental funds due to the fact that the state and local revenues were down significantly from FY 2011. Net assets related to certain programs are considered restricted for educational purposes.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**CHANGES IN NET ASSETS**

The following analysis shows the changes in net assets for the years ended June 30, 2012 and 2011.

	<u>CHANGES IN NET ASSETS</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 3,257,210	\$ 3,301,131	\$ -	\$ -	\$ 3,257,210	\$ 3,301,131
General revenues:						
Local sources	569,263	572,443	-	-	569,263	572,443
State sources	855,683	1,154,028	-	-	855,683	1,154,028
On-behalf payments	1,247,476	1,148,883	-	-	1,247,476	1,148,883
Charges for services	-	-	666,486	616,876	666,486	616,876
Investment earnings	11,235	34,325	4,521	7,307	15,756	41,632
Total revenues	<u>5,940,867</u>	<u>6,210,810</u>	<u>671,007</u>	<u>624,183</u>	<u>6,611,874</u>	<u>6,834,993</u>
Expenses:						
Programs expenses:						
Salaries and benefits	2,716,113	2,937,561	146,905	73,443	2,863,018	3,011,004
Purchased services	753,305	1,278,999	462,583	524,013	1,215,888	1,803,012
Supplies and materials	167,414	387,741	30,944	12,709	198,358	400,450
Other objects	43,369	25,793	80	-	43,449	25,793
Payments to other governments	1,392,019	800,119	-	-	1,392,019	800,119
Depreciation	13,051	13,842	970	1,060	14,021	14,902
Administrative expenses:						
On-behalf payments	1,247,476	1,148,883	-	-	1,247,476	1,148,883
Total expenses	<u>6,332,747</u>	<u>6,592,938</u>	<u>641,482</u>	<u>611,225</u>	<u>6,974,229</u>	<u>7,204,163</u>
Other financing sources (uses):						
Operating transfers	(1,290)	(81,474)	1,290	81,474	-	-
Changes in net assets	(393,170)	(463,602)	30,815	94,432	(362,355)	(369,170)
Net assets, beginning of year, restated (See Note 15)	3,346,717	3,845,054	1,477,196	1,268,826	4,823,913	5,113,880
Net assets, end of year	<u>\$ 2,953,547</u>	<u>\$ 3,381,452</u>	<u>\$ 1,508,011</u>	<u>\$ 1,363,258</u>	<u>\$ 4,461,558</u>	<u>\$ 4,744,710</u>

**Governmental Activities**

Revenues for governmental activities were \$5,940,867, and expenses were \$6,332,747. The decrease in revenues of \$269,943 (4%) and decrease in expenditures of \$260,191 (4%) is due to less salaries, purchased services, and supplies and materials to offset the decrease in revenues. Interest income decreased from \$34,325 in FY 2011 to \$11,235 in FY 2012 because the investment balances and interest rates decreased. Individual grant revenue decreased from FY 2011 as certain programs were not funded or funding was reduced in FY 2012. 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, 2012**

**Business-Type Activities**

Revenues for business-type activities were \$671,007 and expenditures were \$641,482. The increase in revenues is due to increased revenue in Workshops and RSAC, our professional development funds. The increase in expenses is due to the increase in number of contracts for presenters for Workshops and RSAC.

**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 of \$2,598,603.

**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 timely payment and any additional resources.

**Proprietary Fund Highlights**

Total proprietary fund net assets increased by \$30,815 (2%), from \$1,477,196 (restated) in FY 2011 to \$1,508,011 in FY 2012. The increase resulted from increased revenue in Workshops and RSAC.

**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 2012, total additions amounted to \$5,023. Depreciation expense for FY 2012 was \$14,021.

**BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**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 2013 has stayed level at \$6,119 per student.
- County board fiscal support for Regional Office of Education #4 is expected to stay level during FY 2013.
- The student growth in the region is declining.
- The interest rate on investments continues to decrease.

**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, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 3,119,377	\$ 513,119	\$ 3,632,496
Accounts receivable	-	40,580	40,580
Due (to) from other funds	(970,015)	970,015	-
Due from other governments:			
Local	4,281	-	4,281
State	284,693	-	284,693
Federal	836,284	-	836,284
Total Current Assets	<u>3,274,620</u>	<u>1,523,714</u>	<u>4,798,334</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	20,325	-	20,325
Total Noncurrent Assets	<u>20,325</u>	<u>-</u>	<u>20,325</u>
<b>TOTAL ASSETS</b>	<u>3,294,945</u>	<u>1,523,714</u>	<u>4,818,659</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	206,551	15,227	221,778
Accrued salaries and benefits	51,651	476	52,127
Due to other governments:			
State	11,472	-	11,472
Unearned revenue	71,724	-	71,724
Total Current Liabilities	<u>341,398</u>	<u>15,703</u>	<u>357,101</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	20,325	-	20,325
Restricted for educational purposes	549,575	-	549,575
Unrestricted	2,383,647	1,508,011	3,891,658
<b>TOTAL NET ASSETS</b>	<u>\$ 2,953,547</u>	<u>\$ 1,508,011</u>	<u>\$ 4,461,558</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, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 2,716,113	\$ -	\$ 1,775,227	\$ (940,886)	\$ -	\$ (940,886)
Purchased services	753,305	-	514,816	(238,489)	-	(238,489)
Supplies and materials	167,414	-	71,073	(96,341)	-	(96,341)
Other objects	43,369	-	-	(43,369)	-	(43,369)
Depreciation expense	13,051	-	-	(13,051)	-	(13,051)
Capital outlay	-	-	5,023	5,023	-	5,023
Payments to other governments	1,392,019	-	891,071	(500,948)	-	(500,948)
Administrative:						
On-behalf payments - Local	567,636	-	-	(567,636)	-	(567,636)
On-behalf payments - State	679,840	-	-	(679,840)	-	(679,840)
Total Governmental Activities	<u>6,332,747</u>	<u>-</u>	<u>3,257,210</u>	<u>(3,075,537)</u>	<u>-</u>	<u>(3,075,537)</u>
Business-Type Activities:						
Charges for services	641,482	666,486	-	-	25,004	25,004
Total Business-Type Activities	<u>641,482</u>	<u>666,486</u>	<u>-</u>	<u>-</u>	<u>25,004</u>	<u>25,004</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 6,974,229</u>	<u>\$ 666,486</u>	<u>\$ 3,257,210</u>	<u>(3,075,537)</u>	<u>25,004</u>	<u>(3,050,533)</u>
GENERAL REVENUES:						
Local sources				569,263	-	569,263
State sources				855,683	-	855,683
On-behalf payments - Local				567,636	-	567,636
On-behalf payments - State				679,840	-	679,840
Transfers in (out)				(1,290)	1,290	-
Investment earnings				11,235	4,521	15,756
Total General Revenues and Transfers				<u>2,682,367</u>	<u>5,811</u>	<u>2,688,178</u>
CHANGE IN NET ASSETS				(393,170)	30,815	(362,355)
NET ASSETS - BEGINNING, Restated (See Note 15)				<u>3,346,717</u>	<u>1,477,196</u>	<u>4,823,913</u>
NET ASSETS - ENDING				<u>\$ 2,953,547</u>	<u>\$ 1,508,011</u>	<u>\$ 4,461,558</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, 2012

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,779,939	\$ 94,895	\$ 244,543	\$ -	\$ 3,119,377
Due from other funds	207,886	-	-	(207,886)	-
Due from other governments:					
Local	2,192	-	2,089	-	4,281
State	73,694	210,999	-	-	284,693
Federal	-	836,284	-	-	836,284
<b>TOTAL ASSETS</b>	<u>\$ 3,063,711</u>	<u>\$ 1,142,178</u>	<u>\$ 246,632</u>	<u>\$ (207,886)</u>	<u>\$ 4,244,635</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 34,302	\$ 168,766	\$ 3,483	\$ -	\$ 206,551
Accrued salaries and benefits	29,143	20,247	2,261	-	51,651
Due to other funds	282,000	863,615	32,286	(207,886)	970,015
Due to other governments:					
State	-	11,472	-	-	11,472
Unearned revenue	-	406,343	-	-	406,343
<b>Total Liabilities</b>	<u>345,445</u>	<u>1,470,443</u>	<u>38,030</u>	<u>(207,886)</u>	<u>1,646,032</u>
<b>FUND BALANCES (DEFICITS)</b>					
Restricted	-	6,354	208,602	-	214,956
Assigned	2,364,537	-	-	-	2,364,537
Unassigned	353,729	(334,619)	-	-	19,110
<b>Total Fund Balances (Deficits)</b>	<u>2,718,266</u>	<u>(328,265)</u>	<u>208,602</u>	<u>-</u>	<u>2,598,603</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 3,063,711</u>	<u>\$ 1,142,178</u>	<u>\$ 246,632</u>	<u>\$ (207,886)</u>	<u>\$ 4,244,635</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, 2012

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 2,598,603

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. 20,325

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. 334,619

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 2,953,547

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, 2012

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 376,344	\$ -	\$ 192,919	\$ -	\$ 569,263
On-behalf payments - Local	567,636	-	-	-	567,636
State sources	1,021,303	915,596	2,036	-	1,938,935
On-behalf payments - State	679,840	-	-	-	679,840
Federal sources	15,198	2,027,545	-	-	2,042,743
Total Revenues	<u>2,660,321</u>	<u>2,943,141</u>	<u>194,955</u>	<u>-</u>	<u>5,798,417</u>
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries and benefits	1,379,925	1,300,314	35,874	-	2,716,113
Purchased services	219,724	438,897	94,684	-	753,305
Supplies and materials	79,386	60,132	27,896	-	167,414
Other objects	27,118	15,906	345	-	43,369
Payments to other governments	103,950	1,288,069	-	-	1,392,019
On-behalf payments - Local	567,636	-	-	-	567,636
On-behalf payments - State	679,840	-	-	-	679,840
Capital outlay	-	5,023	-	-	5,023
Total Expenditures	<u>3,057,579</u>	<u>3,108,341</u>	<u>158,799</u>	<u>-</u>	<u>6,324,719</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<u>(397,258)</u>	<u>(165,200)</u>	<u>36,156</u>	<u>-</u>	<u>(526,302)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	72,449	27,348	-	(99,797)	-
Transfers out	(101,080)	(7)	-	99,797	(1,290)
Interest income	10,389	7	839	-	11,235
Total Other Financing Sources (Uses)	<u>(18,242)</u>	<u>27,348</u>	<u>839</u>	<u>-</u>	<u>9,945</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(415,500)</u>	<u>(137,852)</u>	<u>36,995</u>	<u>-</u>	<u>(516,357)</u>
<b>FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 15)</b>					
	<u>3,133,766</u>	<u>(190,413)</u>	<u>171,607</u>	<u>-</u>	<u>3,114,960</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u><u>\$2,718,266</u></u>	<u><u>\$ (328,265)</u></u>	<u><u>\$ 208,602</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,598,603</u></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, 2012

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ (516,357)

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	\$ 5,023	
Depreciation expense	<u>(13,051)</u>	(8,028)

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.

FY11 deferred State revenue recognized in FY12	\$ (65,930)	
FY11 deferred federal revenue recognized in FY12	(137,474)	
FY12 federal revenue deferred	<u>334,619</u>	<u>131,215</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (393,170)

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 FUNDS  
JUNE 30, 2012

	Business-Type Activities		
	Enterprise Funds		
	Local Workshops	Nonmajor Enterprise Funds	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 290,788	\$ 222,331	\$ 513,119
Accounts receivable	40,580	-	40,580
Due from other funds	970,015	-	970,015
<b>TOTAL ASSETS</b>	<b>1,301,383</b>	<b>222,331</b>	<b>1,523,714</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	15,227	-	15,227
Accrued salaries and benefits	187	289	476
<b>TOTAL LIABILITIES</b>	<b>15,414</b>	<b>289</b>	<b>15,703</b>
<b>NET ASSETS</b>			
Unrestricted	1,285,969	222,042	1,508,011
<b>TOTAL NET ASSETS</b>	<b>\$ 1,285,969</b>	<b>\$ 222,042</b>	<b>\$ 1,508,011</b>

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 FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds		Total
	Local Workshops	Nonmajor Enterprise Funds	
<b>OPERATING REVENUES</b>			
Charges for services	\$ 420,730	\$ 245,756	\$ 666,486
Total Operating Revenues	<u>420,730</u>	<u>245,756</u>	<u>666,486</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	106,610	40,295	146,905
Purchased services	301,102	161,481	462,583
Supplies and materials	19,918	11,026	30,944
Other objects	80	-	80
Depreciation	-	970	970
Total Operating Expenses	<u>427,710</u>	<u>213,772</u>	<u>641,482</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(6,980)</u>	<u>31,984</u>	<u>25,004</u>
<b>NONOPERATING REVENUE</b>			
Transfers in	-	2,500	2,500
Transfers out	(1,210)	-	(1,210)
Interest income	2,666	1,855	4,521
Total Nonoperating Revenue	<u>1,456</u>	<u>4,355</u>	<u>5,811</u>
<b>CHANGE IN NET ASSETS</b>	(5,524)	36,339	30,815
<b>TOTAL NET ASSETS - BEGINNING, Restated</b> (See Note 15)	<u>1,291,493</u>	<u>185,703</u>	<u>1,477,196</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 1,285,969</u>	<u>\$ 222,042</u>	<u>\$ 1,508,011</u>

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 FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds		Total
	Local Workshops	Nonmajor Enterprise Funds	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 380,150	\$ 245,756	\$ 625,906
Payments to suppliers and providers of goods and services	(305,873)	(181,507)	(487,380)
Payments to employees	(106,423)	(40,006)	(146,429)
Net Cash Provided by (Used for) Operating Activities	<u>(32,146)</u>	<u>24,243</u>	<u>(7,903)</u>
Cash Flows from Noncapital Financing Activities:			
Cash transfers from (to) other funds	(1,210)	2,500	1,290
Payments for interfund borrowing, net	(919,679)	-	(919,679)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(920,889)</u>	<u>2,500</u>	<u>(918,389)</u>
Cash Flows from Investing Activities:			
Interest income	2,666	1,855	4,521
Net Cash Provided by Investing Activities	<u>2,666</u>	<u>1,855</u>	<u>4,521</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(950,369)	28,598	(921,771)
Cash and cash equivalents - Beginning, restated	1,241,157	193,733	1,434,890
Cash and cash equivalents - Ending	<u>\$ 290,788</u>	<u>\$ 222,331</u>	<u>\$ 513,119</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (6,980)	\$ 31,984	\$ 25,004
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	-	970	970
Increase in assets:			
Increase in accounts receivable	(40,580)	-	(40,580)
Increase (decrease) in liabilities:			
Increase (decrease) in accounts payable	15,227	(9,000)	6,227
Increase in accrued salaries and benefits	187	289	476
Net Cash Provided by (Used for) Operating Activities	<u>\$ (32,146)</u>	<u>\$ 24,243</u>	<u>\$ (7,903)</u>

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, 2012

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 692,262
Due from other governments	232,806
	\$ 925,068
 <b>LIABILITIES</b>	
Accounts payable	\$ 54,088
Accrued salaries and benefits	4,130
Due to other governments	866,850
	\$ 925,068

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  
FOR THE YEAR ENDED JUNE 30, 2012

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 2012, the Regional Office of Education #4 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The regional Office of Education #4 implemented these standards during the current year; however, GASB Statement No. 64 had no impact on the financial statements. The implementation of GASB Statement No. 57 amends GASB Statement No. 45, permitting an agent employer with an OPEB plan with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through February 26, 2013, 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  
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012, 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 two agreements 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  
FOR THE YEAR ENDED JUNE 30, 2012

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.

On July 1, 2001, the Regional Office of Education #4 entered into an intergovernmental agreement with several participating school districts of the region pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution and the provisions of the Intergovernmental Cooperation Act of 1973 to form an alternative school known as the Boone-Winnebago Regional Alternative School. Membership in the Regional Alternative School is extended to all public school districts in the region, and any school district desiring to participate may petition the Regional Alternative School Board to join. Membership is on a year-to-year basis. The Regional Alternative School Board is composed of the superintendent of each participating district and the Regional Superintendent of Schools. The Regional Superintendent was designated as the administrative, legal, and fiscal agent of the Regional Alternative School, and the Regional Office 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 four business-type activities that rely on fees and charges for support.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS (Concluded)

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.

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.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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, vendors, and payroll taxing authorities.

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.



BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

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.

Learning Support Specialist – This program accounts for grant monies received and expended to promote conditions for learning and teaching, such as academic, physical, social, emotional and behavioral competencies; positive school climate; engagement of students; and reduction of barriers.

McKinney-Vento Homeless Children and Youth – This program accounts 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.

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.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

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.

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.

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.

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.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

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

Nonmajor Special Revenue Funds – Special Revenue Funds are used to account for and report 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:

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 major proprietary fund:

Local Workshops – This enterprise fund tracks 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.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Concluded)

PROPRIETARY FUNDS (Concluded)

The Regional Office of Education #4 reports the following nonmajor proprietary funds:

Raising Student Achievement Conference – This enterprise fund was established to account for revenues received and expenses incurred in offering professional development in targeted curricular areas that focuses on improving classroom teaching practices in order to raise student achievement.

Global Education – This enterprise fund accounts for monies received and expended for conferences conducted for improvement of education for administrators and business community leaders.

Fingerprinting – This enterprise fund accounts for the activity to provide fingerprinting services for background checks for school district personnel.

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:

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:

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. GOVERNMENTAL FUND BALANCES (Concluded)

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 account’s fund balance is restricted by grant agreements or contracts: Principal Mentoring. The following funds are restricted by Illinois Statute: General Education Development, Bus Driver Training, Supervisory, and Institute.

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.

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 account and the Education Fund’s McKinney-Vento Homeless Children and Youth and Title I – School Improvement & Accountability 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.”

BOONE/WINNEBAGO COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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, 2012; 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: Learning Support Specialist, McKinney-Vento Homeless Children and Youth, Regional Safe Schools, ROE/ISC Operations, Technology for Success, Title I – School Improvement & Accountability, Title II – Teacher Quality, and Truants Alternative.

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.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2 – CASH (Continued)

A. DEPOSITS

At June 30, 2012, the carrying amounts of the Regional Office of Education #4's government-wide fund and agency fund deposits were \$3,632,496 and \$692,262, respectively, and the bank balances were \$4,546,000 and \$139,221, respectively. Of the total bank balances as of June 30, 2012, \$788,814 was secured by federal depository insurance, \$3,679,708 was fully collateralized, and \$216,699 was invested in the Illinois Funds Money Market Fund.

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, 2012, the Regional Office of Education #4 had investments with carrying and fair values of \$216,699 invested in the Illinois Funds Money Market Fund.



BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2 – CASH (Concluded)

CREDIT RISK

At June 30, 2012, 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](http://www.imrf.org).

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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 2011 was 18.72 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 2011 was \$98,820.

THREE-YEAR TREND INFORMATION			
Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 98,821	100%	\$ 0
12/31/10	94,745	100%	0
12/31/09	35,111	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, 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, 2009 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, 2011, the most recent actuarial valuation date, the Regional Office’s Regular plan was 72.24 percent funded. The actuarial accrued liability for benefits was \$1,449,384 and the actuarial value of assets was \$1,046,995, resulting in an underfunded actuarial accrued liability (UAAL) of \$402,389. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$527,888, and the ratio of the UAAL to the covered payroll was 76 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  
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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, 2012, 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, 2011 and 2010.

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, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #4 recognized revenue and expenditures of \$429,724 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$464,482) and 23.38 percent (\$451,418), 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, 2012, were \$10,463. Contributions for the years ending June 30, 2011 and 2010, were \$11,343 and \$11,277, respectively.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

- **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.

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer pension contribution was 23.10 and 23.38 percent of salaries paid from those funds, respectively. For the year ended June 30, 2012, salaries totaling \$277,556 were paid from federal and special trust funds that required employer contributions of \$69,139. For the years ended June 30, 2011 and 2010, required Regional Office of Education #4 contributions were \$31,504 and \$47,910, 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, 2012, the Regional Office of Education #4 paid \$-0- to TRS for employer contributions to the ERO program. For the years ended, June 30, 2011 and 2010, the Regional Office of Education #4 paid \$28,403 and \$-0- in employer ERO contributions, respectively.

- **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, 2012, 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, 2011 and 2010, the Regional Office of Education #4 paid no employer contributions due on salary increases in excess of 6 percent.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

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 rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the year ended June 30, 2012, 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, 2011 and 2010, the Regional Office of Education #4 paid no employer contributions granted for sick leave days.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012.

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 <http://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 retired 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. Effective July 1, 2012, in accordance with Executive order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to THIS Fund.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY (Concluded)

The percentage of employer required contributions in the future 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, 2012. State of Illinois contributions were \$15,874, 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, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #4 employees were \$17,210 and \$16,332, respectively.

**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, 2012 and June 30, 2011, and 0.63 percent during the years ended June 30, 2010. For the year ended June 30, 2012, the Regional Office of Education #4 paid \$11,906 to the THIS Fund. For the years ended June 30, 2011 and 2010, the Regional Office paid \$12,907 and \$12,249 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 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE

The Regional Office of Education #4 provides a a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF retirement plan. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement No. 43 & 45 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

Membership in the plan consisted of the following as of:

	June 30, 2012
Retirees and beneficiaries receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	8
Active nonvested plan members	10
Total	18
Number of participating employers	1

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

**Schedule of Funding Progress**

The schedule of funding progress, presented as Required Supplementary Information (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.

**Annual OPEB Cost and Net OPEB Obligation**

	<u>June 30, 2012</u>
Annual required contribution	\$ 2,385
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost	2,385
Contributions made	-
	<hr/>
Increase (decrease) in net OPEB obligation	2,385
Net OPEB obligation beginning of year	-
	<hr/>
Net OPEB obligation end of year	<u>\$ 2,385</u>

The net OPEB liability was not recognized in the financial statements because it was immaterial.

**Three-Year Trend Information**

Fiscal Year <u>Ending</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
6/30/2012	\$ 2,385	0.00%	\$ 2,385
6/30/2011	-	0.00%	-
6/30/2010	-	0.00%	-

**Annual Required Contribution**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Service cost	\$ 1,648	\$ 1,767
Amortization	566	526
Interest	89	92
	<hr/>	<hr/>
Annual required contribution	<u>\$ 2,303</u>	<u>\$ 2,385</u>

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Concluded)

**Funding Policy and Actuarial Assumptions**

Contribution rates:	
Employer	0.00%
Plan members	0.00%
Actuarial valuation date	6/30/2012
Actuarial cost method	Entry age
Amortization period	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return*	4.00%
Projected salary increases	4.00%
Healthcare inflation rate	8.00% initial, 6.00% ultimate
Mortality, Turnover, Disability, Retirement Ages	Similar rates utilized for IMRF
Active utilization rate:	20%
Employer provided benefit	Explicit: None Implicit: 40% of premium to age 65 (50% of \$672/mo + 50% of \$1,443/mo)
* Includes inflation at	3.00%

**GASB 45 Summary as of June 30, 2012**

<u>Division</u>	<u>Service Cost</u>	<u>Active Liability</u>	<u>Retired Liability</u>	<u>Total Liability</u>	<u>Annual Required Contribution</u>	<u>Expected Payments</u>	<u>Actives</u>	<u>Retirees</u>	<u>Total</u>
All	\$ 1,648	\$ 16,977	\$ -	\$ 16,977	\$ 2,303	\$ -	18	-	18

Discount Rate: 4.0%

Medical Inflation Rate: 8.0% initial, 6.0% ultimate

Future Payroll Increases: 4.0%



BOONE/WINNEBAGO COUNTIES  
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NOTE 7 – OPERATING LEASES

The Regional Office of Education #4 leases classroom and office space from various parties. During fiscal year 2012, 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, 2010, to July 31, 2011. The lease was renewed for the period August 1, 2011, to July 31, 2012. This lease was also renewed for the upcoming fiscal year.

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. The lease term was from September 1, 2010, to August 31, 2011; rent was \$1,050 per month except only \$750 for August 2011. This lease was renewed for the period from September 1, 2011, to August 31, 2012; rent during this period was \$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, 2011, to June 30, 2012; rent was \$4,991 per year. The Regional Office has the option and intends to renew this lease for the upcoming fiscal year.

Rent expense for the year ended June 30, 2012, was \$166,323. Future minimum rentals are as follows for the years ending June 30:

2013	\$	121,903
2014		45,600
2015		45,600
2016		45,600
2017 and thereafter		<u>3,800</u>
		<u>\$ 262,503</u>

NOTE 8 – 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.

BOONE/WINNEBAGO COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 9 – 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, 2012:

	Balance 07/01/11	Additions	Disposals	Balance 06/30/12
Governmental Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 185,721	\$ 5,023	\$ -	\$ 190,744
Less Accumulated Depreciation for:				
Computers and Equipment	(157,368)	(13,051)	-	(170,419)
Governmental Activities				
Capital Assets, Net	<u>\$ 28,353</u>	<u>\$ (8,028)</u>	<u>\$ -</u>	<u>\$ 20,325</u>
Business-Type Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 5,298	\$ -	\$ -	\$ 5,298
Less Accumulated Depreciation for:				
Computers and Equipment	(4,328)	(970)	-	(5,298)
Business-Type Activities				
Capital Assets, Net	<u>\$ 970</u>	<u>\$ (970)</u>	<u>\$ -</u>	<u>\$ -</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2012, of \$13,051 and \$970 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 10 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2012, 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.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 10 – INTERFUND ACTIVITY (Concluded)

DUE TO/FROM OTHER FUNDS (Concluded)

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 207,886	\$ 282,000
Education Fund	-	863,615
Nonmajor Special Revenue Fund	-	32,286
Proprietary Fund	970,015	-
Totals	<u>\$ 1,177,901</u>	<u>\$ 1,177,901</u>

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2012, 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	\$ 72,449	\$ 101,080
Education Fund	27,348	7
Proprietary Fund	2,500	1,210
	<u>\$ 102,297</u>	<u>\$ 102,297</u>

NOTE 11 – ON-BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 104,616
Assistant Regional Superintendent Salary	94,152
Regional Superintendent Benefits (Includes State-paid insurance)	18,052
Assistant Regional Superintendent Benefits (Includes State paid insurance)	17,422
TRS Pension Contribution	429,724
Teachers' Health Insurance Security Contribution	<u>15,874</u>
Total	<u>\$ 679,840</u>

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 11 – ON-BEHALF PAYMENTS (Concluded)

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, 2012, were as follows:

Boone County	
Administrative support	\$ 93,674
IMRF/FICA	7,573
Workers' Compensation	1,077
Total Boone County	102,324
Winnebago County	
Salaries & benefits	293,393
Purchased services & supplies	171,919
Total Winnebago County	465,312
Total Local On-Behalf Payments	\$ 567,636

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

NOTE 12 – 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, 2012:

<u>Fund</u>	<u>Amount</u>
Education Fund	
McKinney-Vento Homeless Children and Youth	\$ 46,341
Title I - School Improvement & Accountability	288,278

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 13 – 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:

General Fund	
Local Governments	\$ 2,192
Illinois State Board of Education	73,694
Special Revenue Funds	
Local Governments	2,089
Education Fund	
Illinois State Board of Education	210,999
United States Department of Education	836,284
Agency Fund	
Illinois State Board of Education	232,806
Total	<u><u>\$ 1,358,064</u></u>

Due to Other Governments:

Education Fund	
Illinois State Board of Education	\$ 11,472
Agency Fund	
Local Governments	866,850
Total	<u><u>\$ 878,322</u></u>

NOTE 14 – CONTINGENT LIABILITY

The Regional Office of Education #4 is a defendant in a lawsuit involving former employees. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the Regional Office’s attorney that a material loss is not probable.

NOTE 15 – RECLASSIFICATION AND RESTATEMENT

In prior years, the Raising Student Achievement Conference (RSAC) and the Global Education programs had been reported within the Local Workshops enterprise fund. In the current year, the Regional Office of Education #4 has reported these programs in separate enterprise funds.

In FY11, a \$9,000 liability was incurred but not accrued in the RSAC program in the Local Workshops fund. The opening fund balance in the RSAC fund has been restated to reflect this prior-period adjustment.

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 15 – RECLASSIFICATION AND RESTATEMENT (Continued)

The opening fund balances in the following funds have been restated to reflect a prior-period adjustment to allocate cash accurately among the restricted and unrestricted programs: the General Operations, Payroll, Regional Alternative School – General State Aid (GSA), and Regional Learning Center – General State Aid (GSA) accounts in the General Fund and the General Education Development (GED), Bus Driver Training, Supervisory, and Institute nonmajor special revenue funds. The opening cash balances in the Local Workshops, RSAC, and Global Education proprietary funds have been restated as a result of this prior-period adjustment.

The following is the effect of the reclassification and the restatements on the beginning net assets for the Governmental Activities, the beginning fund balances of the General Fund and Nonmajor Special Revenue Funds, and the beginning net assets of the Local Workshops and Nonmajor Enterprise Funds:

Governmental Activities Net Assets:

Net Assets - July 1, 2011	\$ 3,381,452
Effect of prior-period adjustment to reallocate cash	(34,735)
Net Assets, Restated - July 1, 2011	<u>\$ 3,346,717</u>

General Fund:

Fund Balance - July 1, 2011	\$ 3,068,757
Effect of prior-period adjustment to reallocate cash	65,009
Fund Balance, Restated - July 1, 2011	<u>\$ 3,133,766</u>

Nonmajor Special Revenue Funds:

Fund Balance - July 1, 2011	\$ 271,351
Effect of prior-period adjustment to reallocate cash	(99,744)
Fund Balance, Restated - July 1, 2011	<u>\$ 171,607</u>

Business-Type Activities Net Assets:

Net Assets - July 1, 2011	\$ 1,363,258
Effect of prior-period adjustment to reallocate cash	113,938
Net Assets, Restated - July 1, 2011	<u>\$ 1,477,196</u>

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 15 – RECLASSIFICATION AND RESTATEMENT (Concluded)

Local Workshops Fund:

Net Assets - July 1, 2011	\$ 1,363,258
Effect of prior-period adjustment to reallocate cash	122,938
Effect of reclassifying RSAC and Global Education funds	<u>(194,703)</u>
Net Assets, Restated - July 1, 2011	<u><u>\$ 1,291,493</u></u>

Nonmajor Enterprise Funds:

Net Assets - July 1, 2011	\$ -
Effect of reclassifying RSAC and Global Education funds	194,703
Effect of prior-period adjustment to accrue expense	<u>(9,000)</u>
Net Assets, Restated - July 1, 2011	<u><u>\$ 185,703</u></u>

The following is the effect of these reclassifications and restatements on the beginning cash and cash equivalents for the Local Workshops and Nonmajor Enterprise Funds:

Local Workshops Fund:

Cash and cash equivalents - July 1, 2011	\$ 1,311,952
Effect of prior-period adjustment to reallocate cash	122,938
Effect of reclassifying RSAC and Global Education funds	<u>(193,733)</u>
Cash and cash equivalents, Restated - July 1, 2011	<u><u>\$ 1,241,157</u></u>

Nonmajor Enterprise Funds:

Cash and cash equivalents - July 1, 2011	\$ -
Effect of reclassifying RSAC and Global Education funds	<u>193,733</u>
Cash and cash equivalents, Restated - July 1, 2011	<u><u>\$ 193,733</u></u>

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, 2012

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)
12/31/11	\$ 1,046,995	\$ 1,449,384	\$ 402,389	72.24%	\$ 527,888	76.23%
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%

On a market value basis, the actuarial value of assets as of December 31, 2011, is \$982,941.

On a market basis, the funded ratio would be 67.82%.

OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES  
SCHEDULE OF FUNDING PROGRESS  
(UNAUDITED)  
JUNE 30, 2012

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)
06/30/12	\$ -	\$ 16,977	\$ 16,977	0.00%	\$ 527,888	3.22%
06/30/11	-	-	-	0.00%	-	0.00%
06/30/10	-	-	-	0.00%	-	0.00%

OTHER SUPPLEMENTARY INFORMATION

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2012

	Audiovisual Co-op	Educational Service Center No. 1	General Operations	Payroll	Regional Attendance Cooperative
<b>ASSETS</b>					
Cash and cash equivalents	\$ 14,408	\$ 138,384	\$ 351,788	\$ 312,754	\$ -
Due from other funds	-	-	-	-	-
Due from other governments					
Local	-	-	2,192	-	-
State	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 14,408</b>	<b>\$ 138,384</b>	<b>\$ 353,980</b>	<b>\$ 312,754</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 251	\$ 30,754	\$ -
Accrued salaries and benefits	128	-	-	-	-
Due to other funds	-	-	-	282,000	-
<b>Total Liabilities</b>	<b>128</b>	<b>-</b>	<b>251</b>	<b>312,754</b>	<b>-</b>
<b>FUND BALANCE</b>					
Assigned	14,280	138,384	-	-	-
Unassigned	-	-	353,729	-	-
<b>Total Fund Balance</b>	<b>14,280</b>	<b>138,384</b>	<b>353,729</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 14,408</b>	<b>\$ 138,384</b>	<b>\$ 353,980</b>	<b>\$ 312,754</b>	<b>\$ -</b>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2012

	Regional Alternative School - GSA	Regional Learning Center - GSA	Standards Aligned Classroom	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 850,780	\$ 1,082,796	\$ 29,029	\$ 2,779,939
Due from other funds	-	207,886	-	207,886
Due from other governments				
Local	-	-	-	2,192
State	-	73,694	-	73,694
<b>TOTAL ASSETS</b>	<b>\$ 850,780</b>	<b>\$ 1,364,376</b>	<b>\$ 29,029</b>	<b>\$ 3,063,711</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,367	\$ 1,930	\$ -	\$ 34,302
Accrued salaries and benefits	4,660	24,355	-	29,143
Due to other funds	-	-	-	282,000
<b>Total Liabilities</b>	<b>6,027</b>	<b>26,285</b>	<b>-</b>	<b>345,445</b>
<b>FUND BALANCE</b>				
Assigned	844,753	1,338,091	29,029	2,364,537
Unassigned	-	-	-	353,729
<b>Total Fund Balance</b>	<b>844,753</b>	<b>1,338,091</b>	<b>29,029</b>	<b>2,718,266</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 850,780</b>	<b>\$ 1,364,376</b>	<b>\$ 29,029</b>	<b>\$ 3,063,711</b>

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, 2012

	Audiovisual Co-op	Educational Service Center No. 1	General Operations	Payroll	Regional Attendance Cooperative
<b>REVENUES</b>					
Local sources	\$ 5,162	\$ -	\$ 80,118	\$ -	\$ 103,950
On-behalf payments - Local	-	-	567,636	-	-
State sources	-	-	-	-	-
On-behalf payments - State	-	-	679,840	-	-
Federal sources	-	-	-	-	-
Total Revenues	<u>5,162</u>	<u>-</u>	<u>1,327,594</u>	<u>-</u>	<u>103,950</u>
<b>EXPENDITURES</b>					
Salaries and benefits	6,427	1,963	-	11,776	-
Purchased services	53	-	94,716	-	-
Supplies and materials	1,959	-	5,276	-	-
Other objects	-	-	131	-	-
Payments to governments	-	-	-	-	103,950
On-behalf expenditures - Local	-	-	567,636	-	-
On-behalf expenditures - State	-	-	679,840	-	-
Total Expenditures	<u>8,439</u>	<u>1,963</u>	<u>1,347,599</u>	<u>11,776</u>	<u>103,950</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,277)</u>	<u>(1,963)</u>	<u>(20,005)</u>	<u>(11,776)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	11,776	60,673
Transfers out	-	-	(14,276)	-	-
Interest income	-	378	410	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>378</u>	<u>(13,866)</u>	<u>11,776</u>	<u>60,673</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(3,277)</u>	<u>(1,585)</u>	<u>(33,871)</u>	<u>-</u>	<u>60,673</u>
<b>FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 15)</b>	<u>17,557</u>	<u>139,969</u>	<u>387,600</u>	<u>-</u>	<u>(60,673)</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 14,280</u>	<u>\$ 138,384</u>	<u>\$ 353,729</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2012

	Regional Alternative School - GSA	Regional Learning Center - GSA	Standards Aligned Classroom	TOTALS
<b>REVENUES</b>				
Local sources	\$ -	\$ 187,114	\$ -	\$ 376,344
On-behalf payments - Local	-	-	-	567,636
State sources	471,440	549,863	-	1,021,303
On-behalf payments - State	-	-	-	679,840
Federal sources	-	15,198	-	15,198
Total Revenues	<u>471,440</u>	<u>752,175</u>	<u>-</u>	<u>2,660,321</u>
<b>EXPENDITURES</b>				
Salaries and benefits	463,541	896,218	-	1,379,925
Purchased services	43,967	80,988	-	219,724
Supplies and materials	14,809	57,342	-	79,386
Other objects	-	26,987	-	27,118
Payments to governments	-	-	-	103,950
On-behalf expenditures - Local	-	-	-	567,636
On-behalf expenditures - State	-	-	-	679,840
Total Expenditures	<u>522,317</u>	<u>1,061,535</u>	<u>-</u>	<u>3,057,579</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(50,877)</u>	<u>(309,360)</u>	<u>-</u>	<u>(397,258)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	72,449
Transfers out	-	(86,804)	-	(101,080)
Interest income	3,058	6,543	-	10,389
Total Other Financing Sources (Uses)	<u>3,058</u>	<u>(80,261)</u>	<u>-</u>	<u>(18,242)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(47,819)</u>	<u>(389,621)</u>	<u>-</u>	<u>(415,500)</u>
<b>FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 15)</b>	<u>892,572</u>	<u>1,727,712</u>	<u>29,029</u>	<u>3,133,766</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 844,753</u>	<u>\$ 1,338,091</u>	<u>\$ 29,029</u>	<u>\$ 2,718,266</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	Gifted Education	Learning Support Specialist	McKinney-Vento Homeless Children and Youth	Principal Mentoring	Regional Alternative School - ARRA Education Jobs
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 11,472	\$ -	\$ 6,354	\$ -
Due from other funds	-	-	-	-	-
Due from other governments:					
State	-	-	67,351	-	-
Federal	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 11,472</b>	<b>\$ 67,351</b>	<b>\$ 6,354</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 36	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-
Due to other funds	-	-	67,315	-	-
Due to other governments:					
State	-	11,472	-	-	-
Deferred revenue	-	-	46,341	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>11,472</b>	<b>113,692</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	-	-	6,354	-
Unassigned	-	-	(46,341)	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>(46,341)</b>	<b>6,354</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ -</b>	<b>\$ 11,472</b>	<b>\$ 67,351</b>	<b>\$ 6,354</b>	<b>\$ -</b>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	Regional Learning Academy - ARRA Education Jobs	Regional Learning Center - ARRA Education Jobs	Regional Safe Schools	ROE/ISC Operations	Technology for Success
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 70,717	\$ -
Due from other funds	-	-	-	-	-
Due from other governments:					
State	-	-	49,132	-	21,482
Federal	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,132</b>	<b>\$ 70,717</b>	<b>\$ 21,482</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,929	\$ -
Accrued salaries and benefits	-	-	-	-	1,772
Due to other funds	-	-	49,132	-	19,710
Due to other governments:					
State	-	-	-	-	-
Deferred revenue	-	-	-	68,788	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>49,132</b>	<b>70,717</b>	<b>21,482</b>
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,132</b>	<b>\$ 70,717</b>	<b>\$ 21,482</b>



BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	Title I - School Improvement & Accountability	Title II - Teacher Quality	Truants Alternative	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 2,936	\$ 3,416	\$ 94,895
Due from other funds	-	-	-	-
Due from other governments:				
State	-	-	73,034	210,999
Federal	836,284	-	-	836,284
<b>TOTAL ASSETS</b>	<u>\$ 836,284</u>	<u>\$ 2,936</u>	<u>\$ 76,450</u>	<u>\$ 1,142,178</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 165,496	\$ -	\$ 1,305	\$ 168,766
Accrued salaries and benefits	15,059	-	3,416	20,247
Due to other funds	655,729	-	71,729	863,615
Due to other governments:				
State	-	-	-	11,472
Deferred revenue	288,278	2,936	-	406,343
<b>Total Liabilities</b>	<u>1,124,562</u>	<u>2,936</u>	<u>76,450</u>	<u>1,470,443</u>
<b>FUND BALANCE (DEFICIT)</b>				
Restricted	-	-	-	6,354
Unassigned	(288,278)	-	-	(334,619)
<b>Total Fund Balance (Deficit)</b>	<u>(288,278)</u>	<u>-</u>	<u>-</u>	<u>(328,265)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 836,284</u>	<u>\$ 2,936</u>	<u>\$ 76,450</u>	<u>\$ 1,142,178</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, 2012

	Gifted Education	Learning Support Specialist	McKinney-Vento Homeless Children and Youth	Principal Mentoring	Regional Alternative School - ARRA Education Jobs
<b>REVENUES</b>					
State sources	\$ -	\$ 13,528	\$ -	\$ -	\$ -
Federal sources	-	-	49,036	-	767
Total Revenues	-	13,528	49,036	-	767
<b>EXPENDITURES</b>					
Salaries and benefits	-	11,484	29,932	-	767
Purchased services	-	-	184	1,084	-
Supplies and materials	-	3,261	1,064	-	-
Other objects	-	-	-	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	67,787	-	-
Total Expenditures	-	14,745	98,967	1,084	767
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(1,217)	(49,931)	(1,084)	-
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	1,217	3,590	-	-
Transfers out	(7)	-	-	-	-
Interest income	7	-	-	-	-
Total Other Financing Sources (Uses)	-	1,217	3,590	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(46,341)	(1,084)	-
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	-	-	-	7,438	-
<b>FUND BALANCE (DEFICIT) - ENDING</b>	\$ -	\$ -	\$ (46,341)	\$ 6,354	\$ -

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, 2012

	Regional Learning Academy - ARRA Education Jobs	Regional Learning Center - ARRA Education Jobs	Regional Safe Schools	ROE/ISC Operations	Technology for Success
REVENUES					
State sources	\$ -	\$ -	\$ 266,355	\$ 128,050	\$ 108,467
Federal sources	400	390	-	-	13,848
Total Revenues	<u>400</u>	<u>390</u>	<u>266,355</u>	<u>128,050</u>	<u>122,315</u>
EXPENDITURES					
Salaries and benefits	400	390	197,486	103,607	93,819
Purchased services	-	-	48,377	17,584	3,622
Supplies and materials	-	-	-	6,859	8,436
Other objects	-	-	-	-	-
Capital outlay	-	-	-	-	5,023
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>400</u>	<u>390</u>	<u>245,863</u>	<u>128,050</u>	<u>110,900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>20,492</u>	<u>-</u>	<u>11,415</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	-	-	20,492	-	11,415
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(20,492)</u>	<u>-</u>	<u>(11,415)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2012

	Title I - School Improvement & Accountability	Title II - Teacher Quality	Truants Alternative	TOTALS
<b>REVENUES</b>				
State sources	\$ -	\$ -	\$ 399,196	\$ 915,596
Federal sources	1,960,682	2,422	-	2,027,545
Total Revenues	<u>1,960,682</u>	<u>2,422</u>	<u>399,196</u>	<u>2,943,141</u>
<b>EXPENDITURES</b>				
Salaries and benefits	530,010	-	332,419	1,300,314
Purchased services	310,439	2,422	55,185	438,897
Supplies and materials	34,849	-	5,663	60,132
Other objects	15,906	-	-	15,906
Capital outlay	-	-	-	5,023
Payments to other governments	1,220,282	-	-	1,288,069
Total Expenditures	<u>2,111,486</u>	<u>2,422</u>	<u>393,267</u>	<u>3,108,341</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(150,804)</u>	<u>-</u>	<u>5,929</u>	<u>(165,200)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	22,541	27,348
Transfers out	-	-	-	(7)
Interest income	-	-	-	7
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>22,541</u>	<u>27,348</u>
NET CHANGE IN FUND BALANCE	(150,804)	-	28,470	(137,852)
FUND BALANCE (DEFICIT) - BEGINNING	<u>(137,474)</u>	<u>-</u>	<u>(28,470)</u>	<u>(190,413)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (288,278)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (328,265)</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of February 8, 2012, to June 30, 2012)  
EDUCATION FUND ACCOUNT  
LEARNING SUPPORT SPECIALIST  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 25,000	\$ 25,000	\$ 13,528
Total Revenue	<u>25,000</u>	<u>25,000</u>	<u>13,528</u>
EXPENDITURES			
Salaries and benefits	23,948	11,767	11,484
Purchased services	273	3,217	-
Supplies and materials	279	7,216	3,261
Capital outlay	-	2,300	-
Other objects	500	500	-
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>14,745</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1,217)</u>
OTHER FINANCING SOURCES:			
Transfers in	-	-	1,217
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>1,217</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, 2011, to June 30, 2012)  
EDUCATION FUND ACCOUNT  
McKINNEY-VENTO HOMELESS CHILDREN AND YOUTH  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 95,381	\$ 95,377	\$ 49,036
Total Revenue	<u>95,381</u>	<u>95,377</u>	<u>49,036</u>
EXPENDITURES			
Salaries and benefits	26,067	26,067	29,932
Purchased services	184	184	184
Supplies and materials	1,339	1,339	1,064
Payments to other governments	67,791	67,787	67,787
Total Expenditures	<u>95,381</u>	<u>95,377</u>	<u>98,967</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(49,931)</u>
OTHER FINANCING SOURCES:			
Transfers in	-	-	3,590
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>3,590</u>
NET CHANGE IN FUND BALANCE	-	-	(46,341)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,341)</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011, to June 30, 2012)  
EDUCATION FUND ACCOUNT  
REGIONAL SAFE SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State	\$ 245,913	\$ 245,913	\$ 266,355
Total Revenue	<u>245,913</u>	<u>245,913</u>	<u>266,355</u>
EXPENDITURES			
Salaries and benefits	187,684	187,684	197,486
Purchased services	<u>58,229</u>	<u>58,229</u>	<u>48,377</u>
Total Expenditures	<u>245,913</u>	<u>245,913</u>	<u>245,863</u>
NET CHANGE IN FUND BALANCE	-	-	20,492
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(20,492)</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 12, 2010, to June 30, 2011)  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS (11-3730-00)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY11	FY12	
REVENUE					
State	\$ 146,495	\$ 266,674	\$ 259,816	\$ 6,859	\$ 266,675
Total Revenue	<u>146,495</u>	<u>266,674</u>	<u>259,816</u>	<u>6,859</u>	<u>266,675</u>
EXPENDITURES					
Salaries and benefits	131,037	189,605	194,543	-	194,543
Purchased services	13,333	44,536	41,516	-	41,516
Supplies and materials	1,200	17,233	23,106	6,859	29,965
Other objects	925	800	651	-	651
Capital outlay	-	14,500	-	-	-
Total Expenditures	<u>146,495</u>	<u>266,674</u>	<u>259,816</u>	<u>6,859</u>	<u>266,675</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2011, to June 30, 2012)  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS (12-3730-00)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 53,027	\$ 53,027	\$ 121,191
Total Revenue	<u>53,027</u>	<u>53,027</u>	<u>121,191</u>
EXPENDITURES			
Salaries and benefits	31,732	45,110	103,607
Purchased services	20,695	7,717	17,584
Other objects	600	200	-
Total Expenditures	<u>53,027</u>	<u>53,027</u>	<u>121,191</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenue exceeds budgeted amount because the Regional Office of Education #4 also received pass-through funding in this program.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011, to September 30, 2012)  
EDUCATION FUND ACCOUNT  
TECHNOLOGY FOR SUCCESS (12-3780-00)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 103,905	\$ 103,905	\$ 108,467
Total Revenue	<u>103,905</u>	<u>103,905</u>	<u>108,467</u>
EXPENDITURES			
Salaries and benefits	100,197	94,291	93,819
Purchased services	3,708	7,380	3,187
Supplies and materials	-	836	46
Capital outlay	-	1,398	-
Payments to other governments	-	-	-
Total Expenditures	<u>103,905</u>	<u>103,905</u>	<u>97,052</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>11,415</u>
NET CHANGE IN FUND BALANCE	-	-	11,415
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(11,415)</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 August 23, 2011, to September 30, 2011)  
 EDUCATION FUND ACCOUNT  
 TECHNOLOGY FOR SUCCESS (12-4861-00)  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 13,848	\$ 13,848	13,848
Total Revenue	<u>13,848</u>	<u>13,848</u>	<u>13,848</u>
EXPENDITURES			
Purchased services	482	482	435
Supplies and materials	3,383	3,383	8,390
Capital outlay	9,983	9,983	5,023
Total Expenditures	<u>13,848</u>	<u>13,848</u>	<u>13,848</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 August 31, 2011)  
 EDUCATION FUND ACCOUNT  
 TITLE I - SCHOOL IMPROVEMENT & ACCOUNTABILITY (11-4331-SS)  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY11	FY12	
REVENUE					
Federal	\$ 1,740,126	\$ 1,755,626	\$ 1,482,997	\$ 508,646	\$ 1,991,643
Total Revenue	<u>1,740,126</u>	<u>1,755,626</u>	<u>1,482,997</u>	<u>508,646</u>	<u>1,991,643</u>
EXPENDITURES					
Salaries and benefits	338,833	292,983	441,463	11,948	453,411
Purchased services	665,186	429,046	548,205	27,957	576,162
Supplies and materials	58,555	24,855	49,422	4,289	53,711
Payments to other governments	677,552	995,742	581,381	324,374	905,755
Other objects	-	13,000	-	2,604	2,604
Total Expenditures	<u>1,740,126</u>	<u>1,755,626</u>	<u>1,620,471</u>	<u>371,172</u>	<u>1,991,643</u>
NET CHANGE IN FUND BALANCE	-	-	(137,474)	137,474	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>(137,474)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (137,474)</u>	<u>\$ -</u>	<u>\$ -</u>

FY11 expenditures include expenditures of ARRA grant not renewed in current year.

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011, to August 31, 2012)  
EDUCATION FUND ACCOUNT  
TITLE I - SCHOOL IMPROVEMENT & ACCOUNTABILITY (12-4331-SS)  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 1,755,626	\$ 1,767,626	\$ 1,452,036
Total Revenue	<u>1,755,626</u>	<u>1,767,626</u>	<u>1,452,036</u>
EXPENDITURES			
Salaries and benefits	662,169	543,220	518,062
Purchased services	388,835	344,013	282,482
Supplies and materials	30,729	37,409	30,560
Capital outlay	-	6,400	-
Payments to other governments	659,538	823,284	895,908
Other objects	14,355	13,300	13,302
Total Expenditures	<u>1,755,626</u>	<u>1,767,626</u>	<u>1,740,314</u>
NET CHANGE IN FUND BALANCE	-	-	(288,278)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (288,278)</u>

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 22, 2011, to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER QUALITY  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 1,202	\$ 1,202	\$ 2,422
Total Revenue	<u>1,202</u>	<u>1,202</u>	<u>2,422</u>
EXPENDITURES			
Purchased services	1,202	1,202	2,422
Total Expenditures	<u>1,202</u>	<u>1,202</u>	<u>2,422</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, 2011, to June 30, 2012)  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 365,173	\$ 365,173	\$ 399,196
Total Revenue	<u>365,173</u>	<u>365,173</u>	<u>399,196</u>
EXPENDITURES			
Salaries and benefits	282,959	283,159	332,419
Purchased services	73,580	73,380	55,185
Supplies and materials	8,634	8,634	5,663
Total Expenditures	<u>365,173</u>	<u>365,173</u>	<u>393,267</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>5,929</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	22,541
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>22,541</u>
NET CHANGE IN FUND BALANCE	-	-	28,470
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(28,470)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2012

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Institute</u>	<u>TOTALS</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 140,635	\$ 11,981	\$ 1,454	\$ 90,473	\$ 244,543
Due from other governments - Local	1,375	714	-	-	2,089
<b>TOTAL ASSETS</b>	<u>\$ 142,010</u>	<u>\$ 12,695</u>	<u>\$ 1,454</u>	<u>\$ 90,473</u>	<u>\$ 246,632</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,483	\$ -	\$ -	\$ -	\$ 3,483
Accrued salaries and benefits	2,261	-	-	-	2,261
Due to other funds	-	-	-	32,286	32,286
<b>Total Liabilities</b>	<u>5,744</u>	<u>-</u>	<u>-</u>	<u>32,286</u>	<u>38,030</u>
<b>FUND BALANCES</b>					
Restricted	136,266	12,695	1,454	58,187	208,602
<b>Total Fund Balances</b>	<u>136,266</u>	<u>12,695</u>	<u>1,454</u>	<u>58,187</u>	<u>208,602</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 142,010</u>	<u>\$ 12,695</u>	<u>\$ 1,454</u>	<u>\$ 90,473</u>	<u>\$ 246,632</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, 2012

	General Education Development	Bus Driver Training	Supervisory	Institute	TOTALS
<b>REVENUES</b>					
Local sources	\$ 85,059	\$ 7,926	\$ -	\$ 99,934	\$ 192,919
State sources	-	2,036	-	-	2,036
Total Revenues	<u>85,059</u>	<u>9,962</u>	<u>-</u>	<u>99,934</u>	<u>194,955</u>
<b>EXPENDITURES</b>					
Salaries and benefits	35,874	-	-	-	35,874
Purchased services	28,561	3,537	513	62,073	94,684
Supplies and materials	1,771	2,346	-	23,779	27,896
Other objects	15	-	-	330	345
Total Expenditures	<u>66,221</u>	<u>5,883</u>	<u>513</u>	<u>86,182</u>	<u>158,799</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>18,838</u>	<u>4,079</u>	<u>(513)</u>	<u>13,752</u>	<u>36,156</u>
<b>OTHER FINANCING SOURCES</b>					
Interest income	496	40	10	293	839
Total Other Financing Sources	<u>496</u>	<u>40</u>	<u>10</u>	<u>293</u>	<u>839</u>
NET CHANGE IN FUND BALANCE	19,334	4,119	(503)	14,045	36,995
FUND BALANCE - BEGINNING, Restated (See Note 15)	<u>116,932</u>	<u>8,576</u>	<u>1,957</u>	<u>44,142</u>	<u>171,607</u>
FUND BALANCE - ENDING	<u>\$ 136,266</u>	<u>\$ 12,695</u>	<u>\$ 1,454</u>	<u>\$ 58,187</u>	<u>\$ 208,602</u>

BOONE/WINNEBAGO COUNTIES  
 REGIONAL OFFICE OF EDUCATION #4  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			TOTALS
	Raising Student Achievement Conference	Global Education	Fingerprinting	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 208,537	\$ 9,344	\$ 4,450	\$ 222,331
TOTAL ASSETS	208,537	9,344	4,450	222,331
<b>LIABILITIES</b>				
Current liabilities:				
Accrued salaries and benefits	289	-	-	289
TOTAL LIABILITIES	289	-	-	289
<b>NET ASSETS</b>				
Unrestricted	208,248	9,344	4,450	222,042
TOTAL NET ASSETS	\$ 208,248	\$ 9,344	\$ 4,450	\$ 222,042

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			TOTALS
	Raising Student Achievement Conference	Global Education	Fingerprinting	
OPERATING REVENUES				
Charges for services	\$ 213,227	\$ 75	\$ 32,454	\$ 245,756
Total Operating Revenues	213,227	75	32,454	245,756
OPERATING EXPENSES				
Salaries and benefits	29,795	-	10,500	40,295
Purchased services	131,301	9,256	20,924	161,481
Supplies and materials	10,315	631	80	11,026
Depreciation	970	-	-	970
Total Operating Expenses	172,381	9,887	31,504	213,772
OPERATING INCOME (LOSS)	40,846	(9,812)	950	31,984
NONOPERATING REVENUE				
Transfers in	-	-	2,500	2,500
Interest income	808	47	1,000	1,855
Total Nonoperating Revenue	808	47	3,500	4,355
CHANGE IN NET ASSETS	41,654	(9,765)	4,450	36,339
TOTAL NET ASSETS - BEGINNING, Restated (See Note 15)	166,594	19,109	-	185,703
TOTAL NET ASSETS - ENDING	\$ 208,248	\$ 9,344	\$ 4,450	\$ 222,042

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			TOTALS
	Raising Student Achievement Conference	Global Education	Fingerprinting	
Cash Flows from Operating Activities:				
Receipts from customers	\$ 213,227	\$ 75	\$ 32,454	\$ 245,756
Payments to suppliers and providers of goods and services	(150,616)	(9,887)	(21,004)	(181,507)
Payments to employees	(29,506)	-	(10,500)	(40,006)
Net Cash Provided by (Used for) Operating Activities	<u>33,105</u>	<u>(9,812)</u>	<u>950</u>	<u>24,243</u>
Cash Flows from Noncapital Financing Activities:				
Cash transfers from other funds	-	-	2,500	2,500
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Cash Flows from Investing Activities:				
Interest income	808	47	1,000	1,855
Net Cash Provided by Investing Activities	<u>808</u>	<u>47</u>	<u>1,000</u>	<u>1,855</u>
Net Increase (Decrease) in Cash and Cash Equivalents	33,913	(9,765)	4,450	28,598
Cash and cash equivalents - Beginning, restated	174,624	19,109	-	193,733
Cash and cash equivalents - Ending	<u>\$ 208,537</u>	<u>\$ 9,344</u>	<u>\$ 4,450</u>	<u>\$ 222,331</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ 40,846	\$ (9,812)	\$ 950	\$ 31,984
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation expense	970	-	-	970
Increase (decrease) in liabilities:				
Decrease in accounts payable	(9,000)	-	-	(9,000)
Increase in accrued salaries and benefits	289	-	-	289
Net Cash Provided by (Used for) Operating Activities	<u>\$ 33,105</u>	<u>\$ (9,812)</u>	<u>\$ 950</u>	<u>\$ 24,243</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, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>CAREER EDUCATION ASSOCIATES</u>				
<u>OF NORTH CENTRAL ILLINOIS</u>				
ASSETS				
Cash and cash equivalents	\$ 859,006	\$1,485,930	\$ 1,652,674	\$ 692,262
Due from other governments	-	232,806	-	232,806
Total Assets	<u>\$ 859,006</u>	<u>\$1,718,736</u>	<u>\$ 1,652,674</u>	<u>\$ 925,068</u>
LIABILITIES				
Accounts payable	\$ -	\$ 54,088	\$ -	\$ 54,088
Accrued salaries and benefits	-	4,130	-	4,130
Due to other governments	859,006	1,660,518	1,652,674	866,850
Total Liabilities	<u>\$ 859,006</u>	<u>\$1,718,736</u>	<u>\$ 1,652,674</u>	<u>\$ 925,068</u>

FEDERAL COMPLIANCE SECTION

BOONE/WINNEBAGO COUNTIES  
REGIONAL OFFICE OF EDUCATION #4  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/11-6/30/12</u>
<b>US Department of Education passed through Illinois State Board of Education</b>			
Title I Part A Cluster			
Title I - Grants to Local Educational Agencies			
Title I - School Improvement and Accountability	84.010A	11-4331-SS	\$ 363,830
Title I - School Improvement and Accountability	84.010A	12-4331-SS	1,732,167
Title I - Grants to Local Educational Agencies, Recovery Act			
Title I - School Improvement and Accountability - ARRA	84.389A	11-4854-00	15,489
Total Title I Part A Cluster			<u>2,111,486 (M)</u>
Improving Teacher Quality State Grants			
Title II - Teacher Quality	84.367A	11-4932-00	1,220
Title II - Teacher Quality	84.367A	12-4932-00	1,202
Total Improving Teacher Quality State Grants			<u>2,422</u>
Education Technology State Grants, Recovery Act			
ARRA - Enhancing Education through Technology	84.386A	12-4861-00	13,848
ARRA - Education Jobs Fund			
ARRA - Education Jobs Fund	84.410A	12-4880-92	390
ARRA - Education Jobs Fund	84.410A	12-4880-93	400
ARRA - Education Jobs Fund	84.410A	12-4880-95	767
Total ARRA - Education Jobs Fund			<u>1,557</u>
<b>Total US Department of Education passed through Illinois State Board of Education</b>			<u>2,129,313</u>
<b>US Department of Education passed through Regional Office of Education #47</b>			
McKinney-Vento Homeless Children and Youth	84.196A	12-4920-00	<u>95,377</u>
<b>Total US Department of Education passed through Regional Office of Education #47</b>			<u>95,377</u>
<b>Total US Department of Education</b>			<u>2,224,690</u>
<b>US Department of Agriculture passed through Illinois State Board of Education</b>			
National School Lunch Program	10.555	12-4210-00	12,798
School Breakfast Program	10.553	12-4220-00	<u>2,400</u>
<b>Total US Department of Agriculture passed through Illinois State Board of Education</b>			<u>15,198</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,239,888</u>

(M) Program was audited as a major program.

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, 2012

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	\$ 1,220,282
McKinney-Vento Homeless Children and Youth	84.196A	67,787

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